Exhibit I

Annual Report 2010

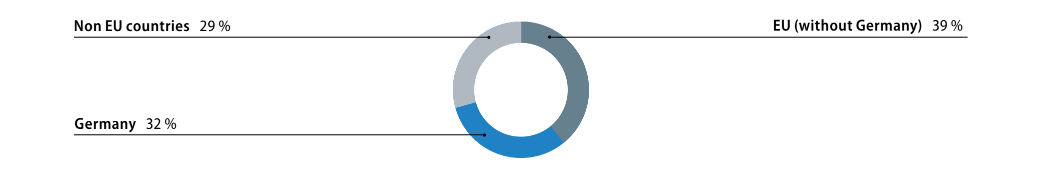
The Quality Connection

LEONI

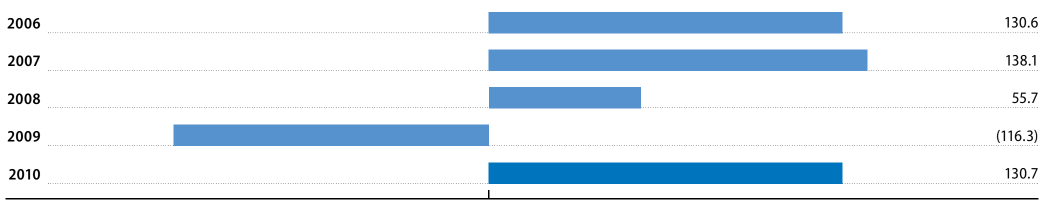
Key figures

Consolidated sales

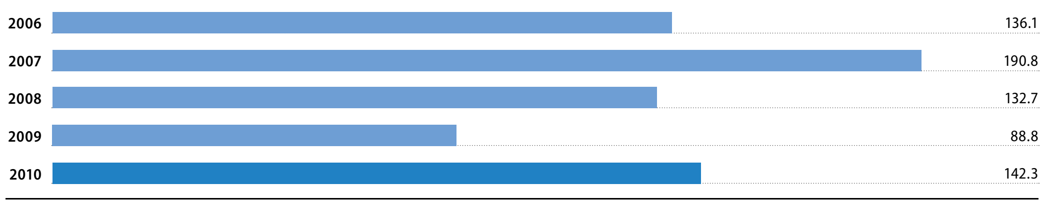
Consolidated sales by region



Consolidated EBIT



Operating cash flow



IFRS		2010	2009	2008	2007	2006
Sales	Group [€ '000]	**2,955,671**	2,160,117	2,911,964	2,366,779	2,108,244
	Germany [%]	**31.8**	34.4	31.4	38.1	41.2
	EU (without Germany) [%]	**39.5**	42.0	44.6	34.1	32.2
	Non EU countries [%]	**28.7**	23.6	24.0	27.8	26.6
	Wire & Cable Solutions [%]	**44.7**	43.3	48.1	58.3	54.7
	Wiring Systems [%]	**55.3**	56.7	51.9	41.7	45.3
Earnings	EBITDA [€ '000]	**241,006**	(4,862)	165,913	210,771	193,629
	EBIT [€ '000]	**130,724**	(116,319)	55,684	138,102	130,574
	EBIT margin [%]	**4.4**	(5.4)	1.9	5.8	6.2
	Income/loss before taxes (from continuing operations) [€ '000]	**89,599**	(157,309)	15,760	116,531	116,599
	Consolidated net income/loss [€ '000]	**67,246**	(138,081)	5,197	86,219	79,325
Cash flow	Depreciation and amortisation [€ '000]	**110,282**	111,457	110,229	72,669	64,255
	Cash provided by operating activities [€ '000]	**142,297**	88,783	132,726	190,837	136,099
	Cash used for capital spending activities [€ '000]	**95,512**	87,000	137,256	401,464	181,376
Balance sheet	Property, plant and equipment, intangible assets, goodwill [€ '000]	**809,617**	796,567	839,423	537,482	489,198
	Net debt [€ '000]	**444,558**	495,367	533,225	473,211	236,912
	Equity [€ '000]	**481,160**	369,126	447,688	525,642	481,701
	Equity [ratio in %]	**23.8**	21.0	24.2	32.9	35.1
Employees	Personnel expenses [% of sales]	**20.6**	24.6	20.5	19.0	18.9
	Employees [as per 31 Dec.]	**55,156**	49,822	50,821	36,855	35,129
	employed abroad [%]	**93.2**	92.4	91.7	89.0	89.0
Share	Market capitalisation 31 Dec. [€ million]	**978.6**	485.6	385.8	997.9	917.7
	Consolidated net income / loss per share [€]	**2.26**	(5.04)	0.17	2.87	2.64
	Dividend per share [€]	**0.70** *	0.00	0.20	0.90	0.80

* Subject to approval by shareholders at the Annual General Meeting

Forecast and target attainment LEONI Group

	Forecast for 2010	2010 target attainment	Forecast for 2011
Consolidated sales	Increase of approx. 10 % to € 2.4 billion	Increase of 37 % to € 2.96 billion	Increase to above € 3.1 billion
Consolidated EBIT	Improvement to at least € 50 million	Improvement to € 130.7 million	Significant increase to about € 170 million
Free cash flow	> 0	€ 50.7 million	About € 80 million
Net financial liabilities	Stabilisation at least	Reduction to about € 445 million	Reduction to below € 400 million
Equity ratio	Improvement	Increase to 23.8 %	Further improvement
Return on Capital Employed	Increase	Increase to 13.9 %	Increase to about 17 %
Capital expenditure	About € 90 million	€ 107.4 million	€ 140 to 145 million

This Annual Report
is published in German and English.
In case of doubt or conflict,
the German language version will prevail.

LEONI – The Quality Connection

The LEONI Group operates worldwide, providing wires, optical fibers, cables and cable systems as well as related services for applications in the automotive sector and other industries. The Company employs about 56,000 people in 34 countries. LEONI develops and manufactures technically sophisticated products for the motor vehicle industry – ranging from the single-core cable through to the complete wiring system with integrated electronics. The product range also encompasses wires and strands as well as optical fibers; standardised cables; special, hybrid and optical cables as well as completely assembled systems for customers in differing industrial markets. Products specifically for application in environmentally friendly technologies are meanwhile gaining in significance. In the medium term, LEONI aims to become the most innovative cable supplier for the green technology market. The Company also benefits from the worldwide trends of globalisation, industrialisation & automation, environmental awareness & shortage of resources, mobility, urbanisation and demographic change, which we cover in the magazine section of this annual report.

Shareholder's Letter

Dear Sir or Madam,

I am pleased to be able, with this annual report, to report positive figures and performance again following the very difficult and loss-making crisis year of 2009. Business in 2010 even exceeded our expectations substantially: after an unprecedented sales slump of nearly 26 percent in 2009, we initially, at the beginning of 2010, projected sales growth of only about 10 percent to € 2.4 billion. Thanks to a surprisingly favourable trend in demand, however, we ultimately closed out the past financial year with an 36.8 percent gain and consolidated sales at a new record of € 2.96 billion.

The principal driving force behind this encouraging development was once again the automotive industry – but this time with opposite auspices. The industry recovered unexpectedly fast from the sales slump that struck suddenly in September 2008, thanks in particular to the strong demand from China, Russia and India, but also the United States. The other markets of importance to LEONI, such as the capital goods, household appliance and communications industries, also gradually revived in 2010 and by yearend almost returned to their pre-crisis levels.

LEONI used the difficult times to scrutinise its business processes and cost structures in all areas and at all facilities of the Group and – where necessary – to subject these to resolute restructuring. This resulted in a total of 7 locations being either shut down or sold in 2009 and 2010, and numerous subsidiaries had to adjust their staffing levels. Despite these adjustments, LEONI now employs more than 55,000 people again and therefore a larger number than at the onset of the crisis. The recruitment of approx. 9,000 people since the crisis peaked primarily involved our business in North Africa, China and Russia, which is becoming increasingly important to us.

Our strategy, of prescribing a comprehensive cost reduction programme for the whole Group in view of the dramatic 2009 sales slump and of initially assuming the demand crisis would be prolonged, has proven to be the correct one. Thanks to all of these measures, LEONI is today significantly leaner, more efficient and therefore more competitive than before the crisis. Providing a clear indication of this are our rapid return to profit and the earnings before interest and taxes we generated in 2010, which rose to € 130.7 million. We thus already attained a 4.4 percent return on sales again.

Based on this encouraging business performance and also the still good prospects, the Management Board and Supervisory Board will propose to shareholders at the Annual General Meeting the payout of a dividend in the amount of € 0.70 per share. This would equate to about one third of consolidated net income. The remaining two thirds are to be transferred to reserves in order to build up the Company's equity again, which dropped sharply in the crisis year. It will be one of the principal tasks of the next two years to further and significantly reduce the Group's debt by generating substantially positive free cash flow. Our aim is thereby to refinance the long-term loans that become due in 2013 on the most attractive terms possible. The Management Board's objective is for the Company to quickly return to an equity ratio of at least 35 percent.

In addition to the return to profit, fiscal 2010 entailed further very positive results. In the Wiring Systems Division, we again secured a large number of promising and important large-scale projects involving the multinational motor vehicle industry – not only in Europe, but also in China, Russia and the United States. This required us to expand existing capacity to produce wiring systems as well as to build new plants at numerous locations, for instance in Serbia, China and India.

Dr Klaus Probst

The Wire & Cable Solutions Division succeeded especially in expanding its presence in what is known as green technologies. Rising sales to the solar industry, to the railway engineering industry and for infrastructure projects made key contributions in this respect. In 2010, we supplied the first cables for the Gotthard Base Tunnel in Switzerland, among other projects.

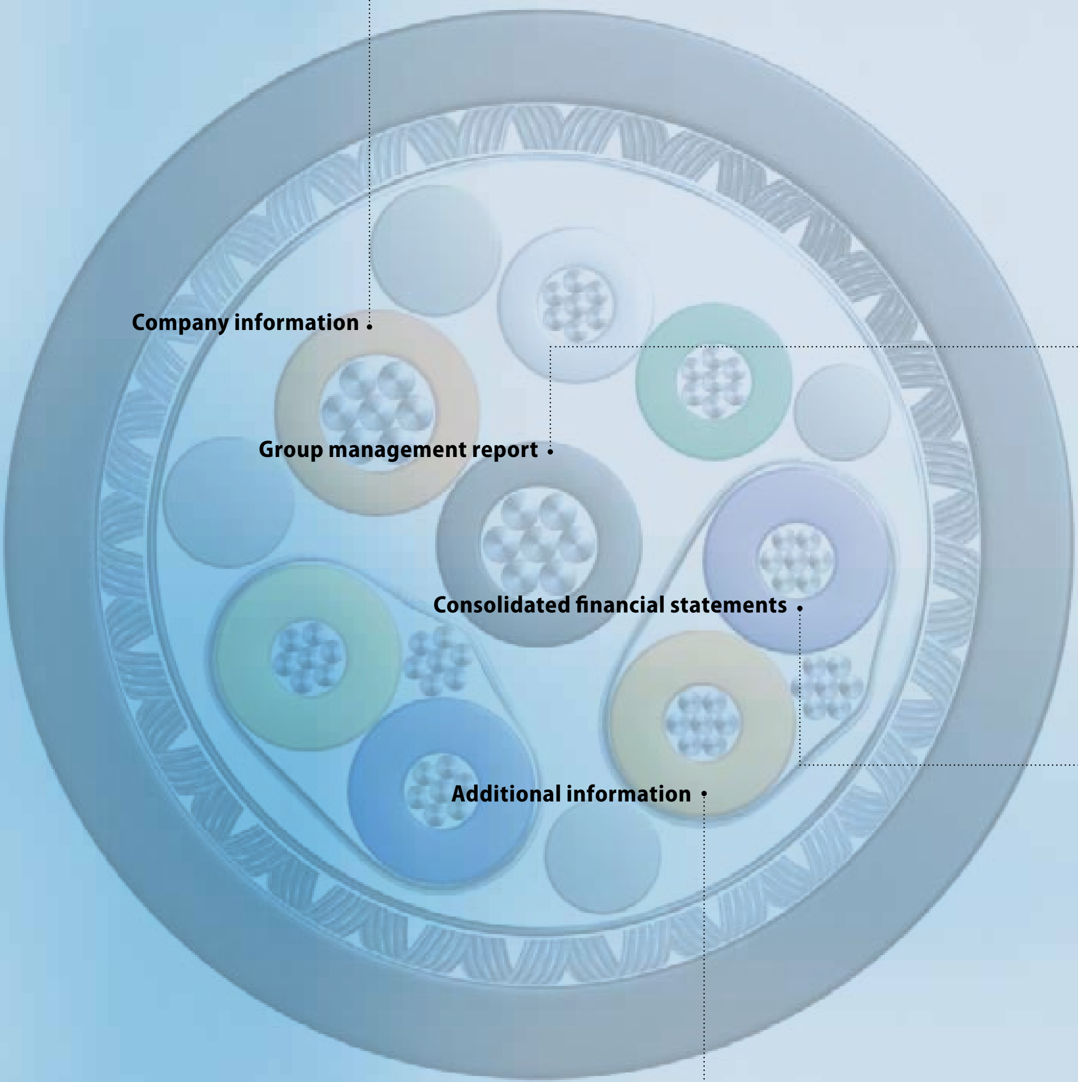
Entry into the sector of electromobility in 2010 was also of great importance. In the middle of the year we established a dedicated, cross-divisional business unit to enable us to successfully work on this technology, which is exceptionally promising for LEONI as well. The unit is concentrating both on aspects involving high-voltage cable harnesses in cars and the required infrastructure, for example the cables for the charging stations.

Our expectations for business in the next few years are on the whole very upbeat. The world's automotive markets have meanwhile stabilised, and our customers in both the passenger car and commercial vehicle segments expect vehicle sales to continue to rise. China will play the most important growth-driving role in this process, with Russia and India gaining significance as well. We shall continue to resolutely pursue our strategy of international growth and expect, in the wiring systems business, to be able to widen our share of the market in the years ahead, too. Our Wire & Cable Solutions Division will continue to grow organically in its core markets, where China is also one of the focal areas. With the aim of further safeguarding our future, we launched an ambitious innovation drive in 2010 to facilitate potential for expansion going beyond current day-to-day business into the medium and long term. LEONI will in so doing increasingly benefit from various global trends, which we present to you in a special section of this annual report. We already have some good answers to the challenges with which these trends confront us.

For 2011 we project an increase to more than € 3.1 billion in consolidated sales and another significant improvement in earnings before interest and taxes to about € 170 million. We expect to meet our target of a 7 percent return on sales, which we already communicated several years ago, in 2012. Based on the optimisation of our current assets over the past few years, we also aim to generate an ROCE of 20 percent from 2012, up from the previous figure of 18 percent. This is conditional upon continued stable demand in the markets of importance to us.

Following almost two years of extreme crisis management, we now see great opportunity and growth potential for LEONI in a setting that is stabilising: the task now is to take targeted advantage of this situation. LEONI's management and staff, whom I thank for their hard work and great commitment during the past financial year, look forward to these challenges and ask you, our shareholders, for your continued confidence and support.

Dr Klaus Probst
President & CEO


Company information
Group management report
Consolidated financial statements
Additional information

Content

Company information

Fiber optic cables
LEONI produces about 200,000 kilometres of glass fiber cables per year. That is about half the distance from the Earth to the Moon.

Supervisory Board report

Dr Werner Rupp

Dear shareholders,

LEONI AG's Supervisory Board dealt in depth with the situation and performance of the Group during the 2010 financial year. Following the financial and economic crisis in the two preceding years LEONI succeeded in achieving a very encouraging upturn in fiscal 2010. In fulfilment of its duties in accordance with statutory requirements and the provisions of the Company's Articles of Association, the Supervisory Board at all times stood at the Management Board's side, providing advice as well as conscientiously assisting and monitoring its work. Open discussion in mutual trust at all times defined the deliberations between the Management Board and the Supervisory Board. To perform its duties the Supervisory Board was able to draw, among other things, on extensive reports regularly provided by the Management Board in written form. These written statements contained comprehensive and up-to-date information on the situation of the LEONI Group, its operating performance and on all key events that were of material significance to the Company's development. All topics, especially transactions requiring consent, were discussed thoroughly during the Supervisory Board's meetings.

The Supervisory Board held five regular meetings during the 2010 financial year, specifically on 23 March, 6 May, 22 July, 21 September and 8 December. In addition, there was a meeting of the shareholder representatives on 22 July to discuss financial planning and finance strategy. The Board had a quorum on each occasion. There were no conflicts of interest involving Supervisory Board members in relation to exercise of their office during the period under report. One member was absent for the meeting on 23 March and two members were unable to attend on 21 September. The meeting on 21 September was held at LEONI Switzerland, where Board members obtained an insight into local production.

Main topics of discussion by the Supervisory Board

The current business situation, the consequences of the economic crisis and the associated adjustment measures as well as the opportunities arising during the economic recovery that began in the course of the year were factors regularly discussed at all meetings of the Supervisory Board. In addition, we dealt in depth with the effectiveness of risk management; financial, capital investment and personnel planning as well as the operational targets. The Management Board explained deviation in business performance from budget targets in detail and coordinated the way forward in strategic terms with the Supervisory Board. During our meetings in May, September and December we dealt in detail with the upcoming interim reports. Projects and events of major significance were also discussed outside the scheduled meetings.

Discussion of the annual financial statements of LEONI AG and the Group for the 2010 financial year was on the agenda for the first meeting on 23 March in addition to regular topics. The Supervisory Board approved both sets of financial statements. The updated rules of procedure for the Supervisory Board were also adopted. Since then the age limits agreed during the meeting on 15 October 2002 have also been part of these Rules of Procedure.

During the meeting on 6 May 2010, we looked very closely, among other things, at the acquisition of the American company RoMack as well as the purchase of a production hall in Chihuahua, Mexico. Following in-depth deliberation, the Supervisory Board approved both of these strategic projects without reservation. The Board thereafter sought and obtained information on new products and innovations at LEONI.

Dealing with the subject of compliance was one of the focal points of the meeting on 21 September 2010. As part of a detailed presentation, the Supervisory Board was informed about the measures taken at LEONI to meet legal requirements and guidelines within the Company and also checked the effectiveness of the compliance system that has been put in place.

During its final meeting on 8 December 2010, the Board discussed in detail the business planning for the 2011 financial year and the medium-term planning through to 2015. In addition, we discussed a new compensation system for the Supervisory Board (Compensation report) as well as the requirements of the German Corporate Governance Code, and especially also with its recommendations and suggestions that have been added recently. In this context, the Supervisory Board again reviewed the efficiency of its work and also adopted the Declaration of Conformity pursuant to Article 161 of the German Public Companies Act. It is reproduced in this annual report and may be accessed on this webpage. LEONI fulfils all the recommendations of the Code in its current version dated 26 May 2010.

Compensation report page 43

Declaration of Conformity page 49

www.leoni.com

Work of the committees

LEONI AG's Supervisory Board formed four committees. They are the Audit Committee, the Personnel Committee and the Nomination Committee as well as the Arbitration Committee pursuant to Article 27 (3) of Germany's Co-Determination Act. The committees raise the efficiency of Supervisory Board work by dealing with at times complex subjects outside the actual meetings and preparing the findings for meetings of the whole Board.

The Audit Committee met on a total of four occasions during the past financial year. On 11 March 2010 the committee dealt with the principal findings of the audit of the 2009 financial statements as well as with LEONI's compliance system. It also prepared the proposal for appointing the external auditors. The meeting on 4 May 2010 dealt with the audit of the report on the first quarter of 2010. The subject for the meeting on 4 August 2010, in which the external auditors also participated, was an analysis of the six-month report. On 2 November 2010 the Audit Committee dealt with the interim report on the first three quarters as well as the effectiveness of the internal control system.

The Personnel Committee met on 9 February and 6 December, 2010. It dealt with the long-term plans for succession involving Management Board positions. The committee also scrutinised the Management Board's compensation for 2009 and 2010 as well as the effect of current business planning on compensation for fiscal 2011.

The Nomination Committee, which met on two occasions in the past year, specifically on 6 May and 2 December, discussed in depth the new requirements of the German Corporate Governance Code as updated in May with respect to supervisory board work. A requirements profile for the shareholder representatives as well as for committee members was prepared in this connection, documenting for each shareholder representative the extent to which he (or she) meets the requirements profile. In addition, the committee members updated the extensive questionnaire, which has already been in use, on auditing the efficiency of the Supervisory Board's work and thereby established a key building block for better measurement of efficiency improvements. The system for compensating Supervisory Board members and committee work was also reviewed. As confirmed by an independent expert, the Code's requirements are fully met in all the mentioned respects.

A further focus of the Nomination Committee's work involved the search for a successor to Supervisory Board member Horst Schmidmer, who announced his resignation from the Board effective at the end of the Annual General Meeting on 12 May 2011. In compliance with the Code criteria that specify the requirements profile for shareholder representatives, the Supervisory Board unanimously nominated Ingrid Hofmann as Horst Schmidmer's successor and will put her nomination to the vote at the upcoming annual general meeting.

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6753 Filed 09/12/12 Page 12 of 218

Convening of the Arbitration Committee pursuant to Article 27 (3) of Germany's Co-determination Act was not required during the 2010 financial year.

Audit of the annual financial statements

The Annual General Meeting of LEONI AG's shareholders on 6 May 2010 appointed the Ernst & Young AG auditing company of Stuttgart as auditors for the 2010 financial year. Ernst & Young audited and granted an unqualified certificate for the 2010 financial statements and the management report of LEONI AG prepared in accordance with the German Commercial Code as well as the consolidated financial statements and the group management report prepared in accordance with IFRS. The management reports describe the situation of the AG and of the Group as well as the future risks and rewards in an appropriate manner. The auditors also gave the risk management system a favourable verdict.

The annual financial statements of the Company and of the Group, the management reports and the audit reports were available to all members of the Supervisory Board in good time. The Audit Committee pre-examined these documents during its meeting on 15 March 2011 and comprehensively discussed them during the regular meeting of the Supervisory Board on 22 March 2011. The auditing company's representatives took part in both meetings, reported on the findings of their audits and were available to provide additional information. They confirmed the effectiveness of the risk management and internal control systems to the Supervisory Board. The auditors gave assurance, furthermore, that they did not perform any significant services other than audit of the financial statements for LEONI AG during the year under report and that there are no circumstances that might compromise their independence. The audits of the annual financial statements and the management reports of the AG and the Group by the Supervisory Board did not give rise to any objections. The Supervisory Board approved the annual financial statements of the AG and the consolidated financial statements for fiscal 2010 as prepared by the Management Board. The financial statements of LEONI AG have thus been duly adopted. The Supervisory Board supports the Management Board's proposal to pay out a dividend of € 0.70 per share for fiscal 2010, there not having been a dividend payout in the previous year.

Changes in personnel

Horst Schmidmer, who has been a member of LEONI's Supervisory Board since 1987, announced his resignation from the Board taking effect at the end of the annual general meeting on 12 May 2011. We thank Mr Schmidmer for his commitment and well-founded counsel, which he provided for a total of 23 years. In unanimous agreement with the Nomination Committee's recommendation, the Supervisory Board will propose to shareholders at the Annual General Meeting on 12 May 2011 that Ingrid Hofmann be newly appointed to the Supervisory Board as a shareholder representative.

The Supervisory Board would like to sincerely thank the members of the Management Board and all staff of the LEONI Group for the great effort that they again made in the 2010 financial year, and to wish them every success in mastering the challenges of the current financial year.

Nuremberg, 22 March 2011

Dr Werner Rupp
Chairman of the Supervisory Board

Supervisory Board and Management Board

Members of the Supervisory Board

Dr Werner Rupp, Burgthann
Chairman

Franz Spieß, Roth-Pfaffenhofen *
1st Deputy Chairman

Ernst Thoma, Nuremberg
2nd Deputy Chairman

Gabriele Bauer, Prichsenstadt *

Josef Häring, Grafenwiesen *

Ralf Huber, Nuremberg *

Karl-Heinz Lach, Eschweiler *

Dr Bernd Rödl, Nuremberg

Horst Schmidmer, Nuremberg

Wilhelm Wessels, Fürth

Helmut Wirtz, Stolberg *

Prof. Dr Klaus Wucherer, Ungelstetten

* Employee representatives

Supervisory Board Committees

Arbitration Committee
in accordance with article § 27 (3) of Germany's Co-Determination Act
Dr Werner Rupp (Chairman),
Franz Spieß, Gabriele Bauer, Ernst Thoma

Audit Committee
Ernst Thoma (Chairman),
Ralf Huber, Dr Werner Rupp,
Franz Spieß

Personnel Committee
Dr Werner Rupp (Chairman),
Franz Spieß,
Ernst Thoma

Nomination Committee
Dr Werner Rupp (Chairman),
Ernst Thoma,
Prof. Dr Klaus Wucherer

Management Board

Uwe H. Lamann
in charge of
the Wiring Systems Division,
Member of the Management
Board since 1999

Dr Klaus Probst
President & CEO,
in charge of the Wire & Cable
Solutions Division,
Member of the Management
Board since 1997

Dieter Bellé
in charge of Finance,
Controlling and Labour
Affairs,
Member of the Management
Board since 2000

Review 2010

January

Strong base in Japan
LEONI pools the activity of its Wire & Cable Solutions Division on the Japanese market by establishing its LEONI WCS Japan K.K. subsidiary.

March

Development office in India opened
LEONI opens a customer service and development office in Pune, India. From there LEONI will step up its collaboration with the Indian motor vehicle industry as well as foreign companies, which are active on that market.

April

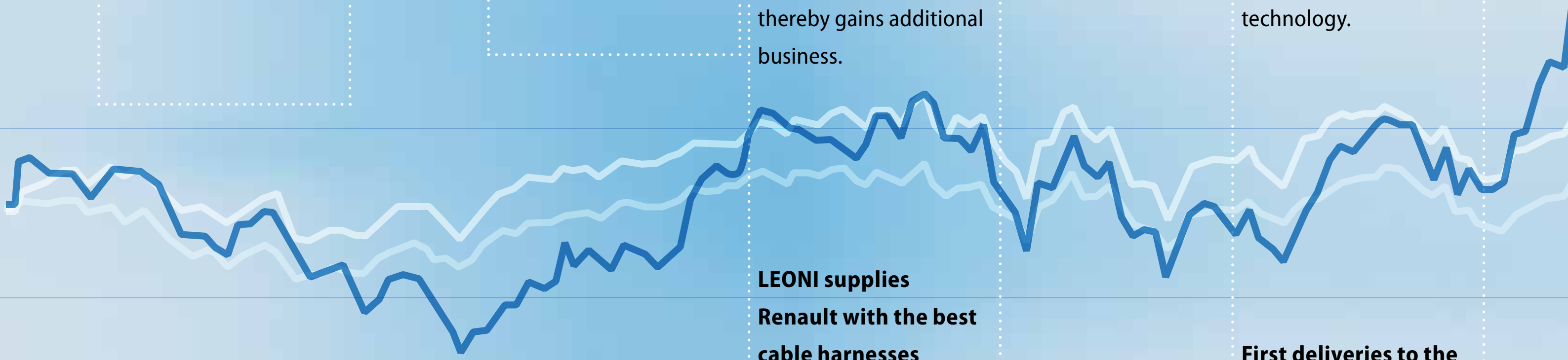
New facility for the commercial vehicle business
With the aim of broadening its position on the international commercial vehicle market further, LEONI takes over the production of wiring systems of AFL/AEES Group in Beiuş, northwestern Romania and thereby gains additional business.

LEONI supplies Renault with the best cable harnesses
For what is the second time in succession already, Renault commends our plant in Pitesti, Romania as its best cable harness supplier. The most important criterion is a high level of technical expertise.

June

Business Unit Electromobility starts up
LEONI will now concentrate on the growth opportunities in the electromobility sector via its new Business Unit Electromobility. LEONI will thereby be even better able to position itself as a systems provider for manufacturers of vehicles and the associated infrastructure with environmentally friendly technology.

First deliveries to the Gotthard Tunnel
Following extensive preparatory work, LEONI starts by delivering the first 350 kilometres of power cable for the Gotthard Base Tunnel in Switzerland. The contract is worth a total of about EUR 59 million.



July

Boost in the fiber optics business
With the acquisition of the US-based optical fiber technology specialist RoMack Inc., LEONI further strengthens its position in this growth market on the American continent.

August

Cables for Fiat and Chrysler
LEONI obtains contract to supply engine cable harnesses for a new turbo diesel engine. It will be fitted to future Fiat and Chrysler models, starting with the new Dodge Journey.

September

X-ray line a world first
LEONI commissions the world's first x-ray line for industrial use at its facility in Däniken, Switzerland. It is used to improve the properties of various materials.

October

ICE successor with LEONI cables
Siemens Mobility commissions LEONI to supply various cables for its ICE (Inter-city Express) successor Velaro D, which will probably start operating on Deutsche Bahn's rail network from the end of 2011.

Plant of the year
AT Kearney and the trade periodical *Produktion* commend the facility of the Wiring Systems Division in Bistrita, Romania as plant of the year in the "Outstanding Production in EU Accession Countries" category.

December

Production start in India
Together with a partner company, LEONI commences production of wiring systems in India. The new facility in Pune will initially supply the Tata Cummins joint venture.

Collaboration with euromicron stepped up
LEONI strengthens its collaboration with the network specialist euromicron in the fiber-to-the-home growth market and sells two subsidiaries, one in Austria and one in the Netherlands, to the company.

Global trends

Globalisation · Mobility · Industrialisation & Automation
Environmental awareness & Shortage of resources
Urbanisation · Demographic change

Global trends present us with major challenges. People are living longer, becoming more mobile and are increasingly moving into large cities. They are interacting worldwide and are trading ever more goods, which are being produced with increasing efficiency. This means high consumption of resources and mounting environmental strain.

Yet global trends also provide numerous opportunities. LEONI has geared its operations to markets that will be particular beneficiaries in the future and has developed products that meet these trends. In the future, too, we shall take advantage of the global trends in developing innovations that provide our customers with technological and commercial progress.

Topic | **Global trends**

Globalisation

The increasing worldwide interconnection and interdependence affects virtually all areas of life. Both people and goods are travelling ever greater distances around the globe in ever shorter times. The trend of globalisation will present further challenges in terms of mobility, health, energy and communications technology in the future, too. We offer solutions here that meet worldwide requirements.

nd-02311-SFC-RSW ECF No. 400-10, PageID.6760 Filed 09/12/12 Pag

Efficient transport solutions

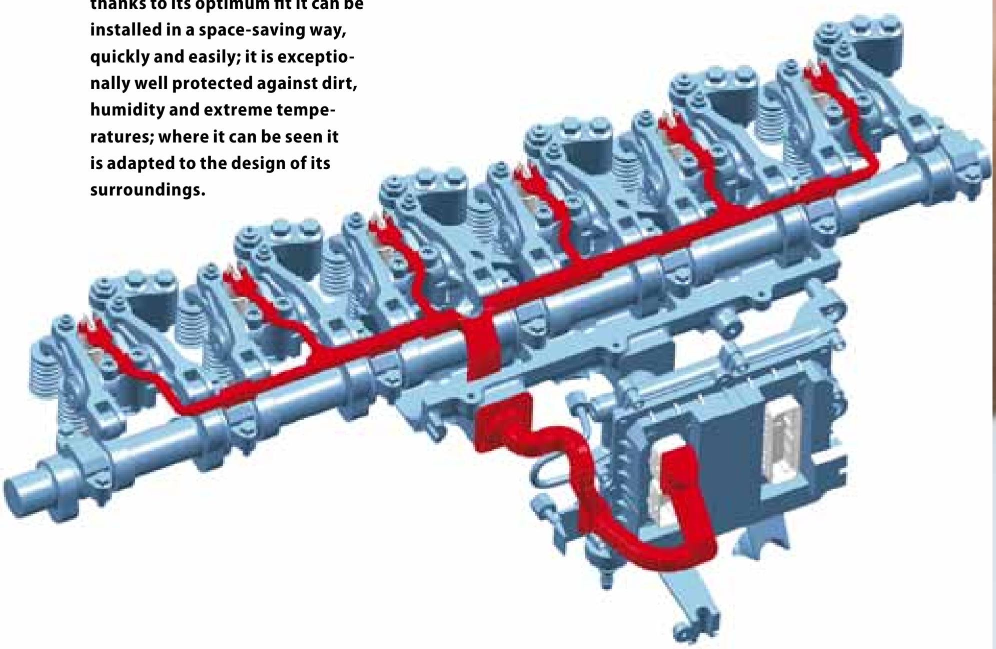
Global trade in goods has risen exponentially over the past few decades. Easily 30 times as many goods are now traded worldwide than in the middle of the last century and the trend is still up. Special cables and cable systems by LEONI are used to control and supply many means of transport and the related infrastructure. They are found, among other places, at international airports, in railway tunnels and trains, on ships and in commercial vehicles.

For example: Wiring systems for trucks

The increasing movement of goods imposes heavy demands on transport. Products have to get from A to B rapidly, efficiently and in as environmentally friendly a way as possible. Commercial vehicles are vital in this respect. Their inner workings are controlled via a complex wiring system that can be up to four kilometres in length.

Being Europe's leading manufacturer of wiring systems, LEONI also supplies the international truck and commercial vehicle industry. We have a wealth of innovative products and solutions ready for this important market: from the conventional cable harness to assembled connecting cables and components such as connectors, pre-fuse boxes, fuse and relay boxes as well as power distributors and through to complete wiring systems including integrated electronics. Our pre-formed cable harness, which adapts perfectly to the available installation space and is quick to fit, is in particularly strong demand. Connection systems for hybrid, fuel cell and electric drive are also gaining in significance.

We develop our wiring systems for commercial vehicles specifically for each customer. LEONI supports its customers as early as when the wiring system architecture is determined, converts design and concept ideas into 3D models and is also involved in all further development steps. Not until after extensive tests and validation do we start production – in each case locally, especially in the European, American and Asian markets. We supply the wiring systems just-in-time or just-in-sequence directly to the location where they are fitted.

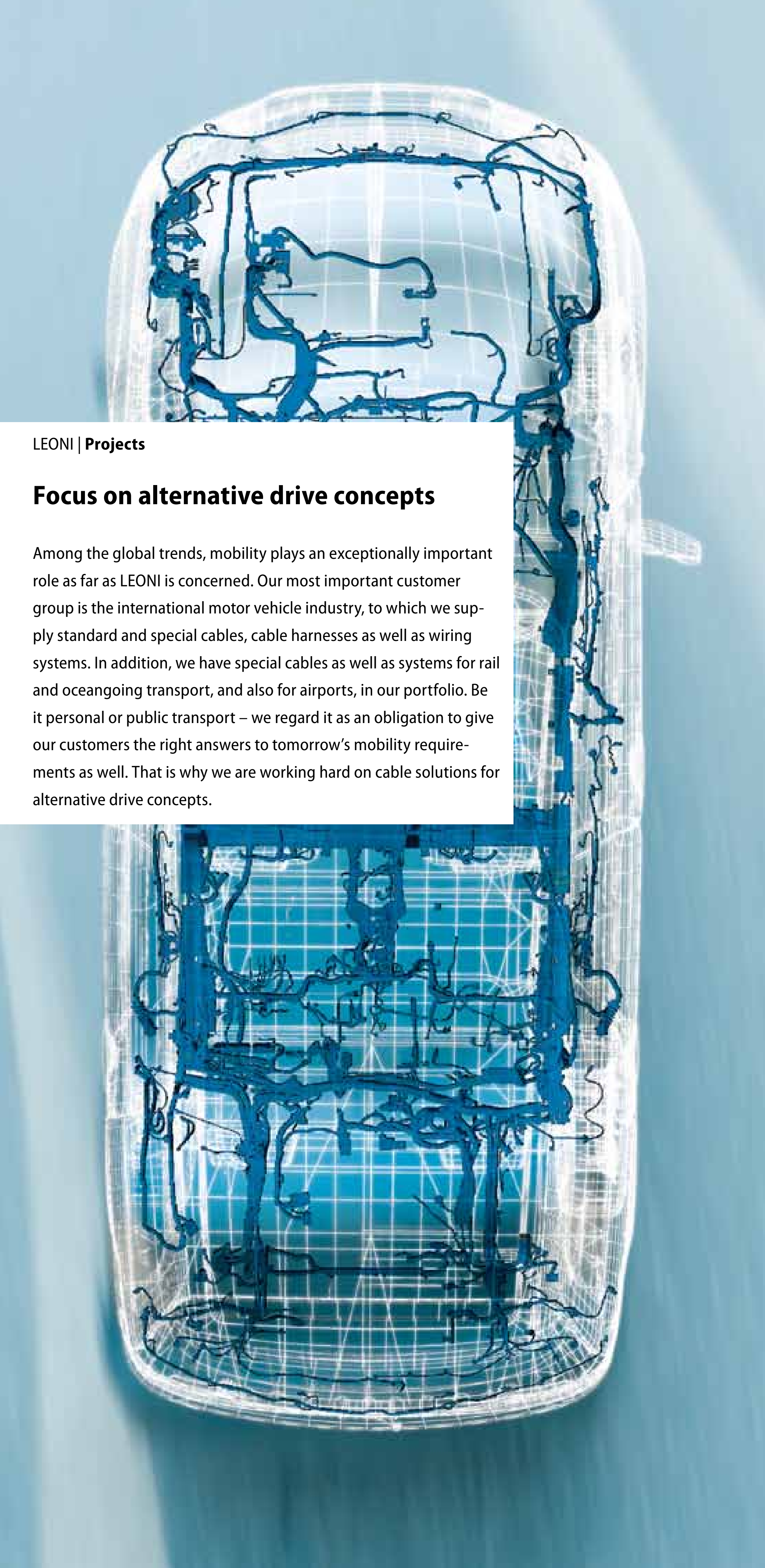


Pre-formed cable harness: thanks to its optimum fit it can be installed in a space-saving way, quickly and easily; it is exceptionally well protected against dirt, humidity and extreme temperatures; where it can be seen it is adapted to the design of its surroundings.

Topic | **Global trends**

Mobility

Mobility and traffic are signs of a modern society and economic prosperity. The worldwide growth in traffic volume presents means of transport and infrastructures with ever greater challenges. Along with efficiency, the focus in this respect is also on the search for environmentally friendly solutions.



LEONI | **Projects**

Focus on alternative drive concepts

Among the global trends, mobility plays an exceptionally important role as far as LEONI is concerned. Our most important customer group is the international motor vehicle industry, to which we supply standard and special cables, cable harnesses as well as wiring systems. In addition, we have special cables as well as systems for rail and oceangoing transport, and also for airports, in our portfolio. Be it personal or public transport – we regard it as an obligation to give our customers the right answers to tomorrow's mobility requirements as well. That is why we are working hard on cable solutions for alternative drive concepts.

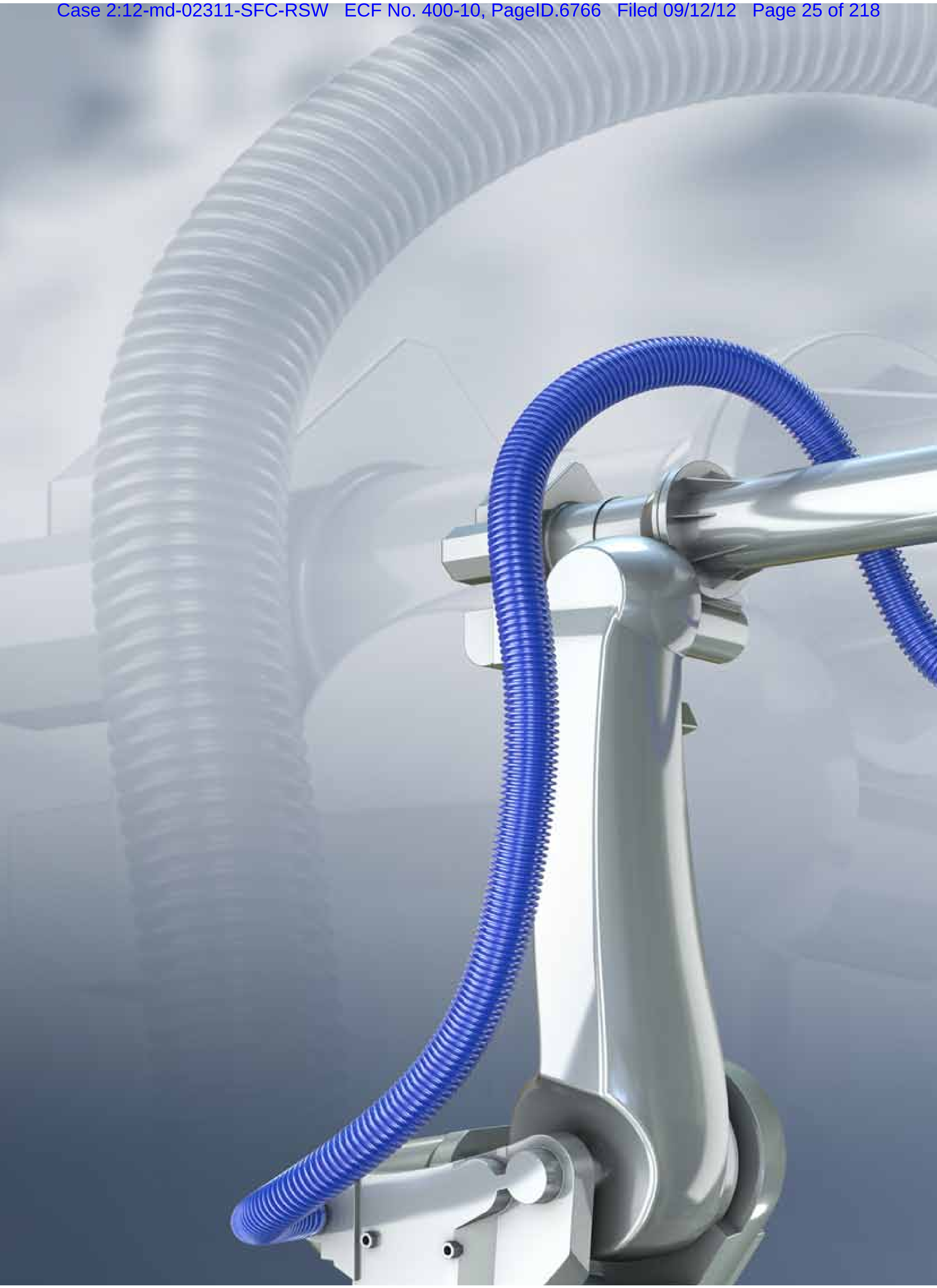
For example: High-voltage cable harnesses for e-vehicles

In addition to a conventional wiring system, vehicles with electric or hybrid drive also need a high-voltage cable harness. The cabling for components involving higher voltage, as is required for these technologies, imposes a particular challenge on the development of the wiring system. Heavily shielded cables with greater voltage stability are needed to link the battery with the motor and the power electronics so that large currents can be carried.

LEONI has many years of experience with connection systems for vehicles with alternative drive technologies. The LEONI Hivocar special cable forms the basis for our high-voltage cable harnesses. LEONI Hivocar is highly flexible, shielded and rated for 600 volts. Our range of products and services in the high-voltage segment also comprises all the required components such as connectors, cable ducts, sealing systems and power distributors as well as customised high-voltage wiring system development.

LEONI meanwhile has a separate business unit dedicated to the electromobility future market. It is working not only on solutions in the vehicle, but also on the necessary infrastructure. A particularly robust and safe charging cable for electric cars is therefore likewise part of the products we have on offer.

High-voltage cable harness: suitable for vehicles with alternative drives – for electric, fuel cell and hybrid technology.



Topic | **Global trends**

Industrialisation & Automation

Technical progress has made it possible for us to delegate to machines and to automate work that is monotonous, hazardous or requires a high degree of accuracy. Industrial development and automation nowadays perpetually produces new generations of machinery that are making the manufacturing process increasingly efficient.

LEONI | **Projects**

Customised products for industry

Production is now inconceivable without industrial automation. LEONI offers standardised and customised cables, cable systems as well as innovative, integrated system solutions with a large proportion of engineering and related services for a broad spectrum of industrial applications. We supply these products and services to customers in industries including drive engineering, machinery and plant engineering, foodstuffs, sensor systems, micro system technology, clean room technology and robotics.

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6769 Filed 09/12/12 Page 28 of 218

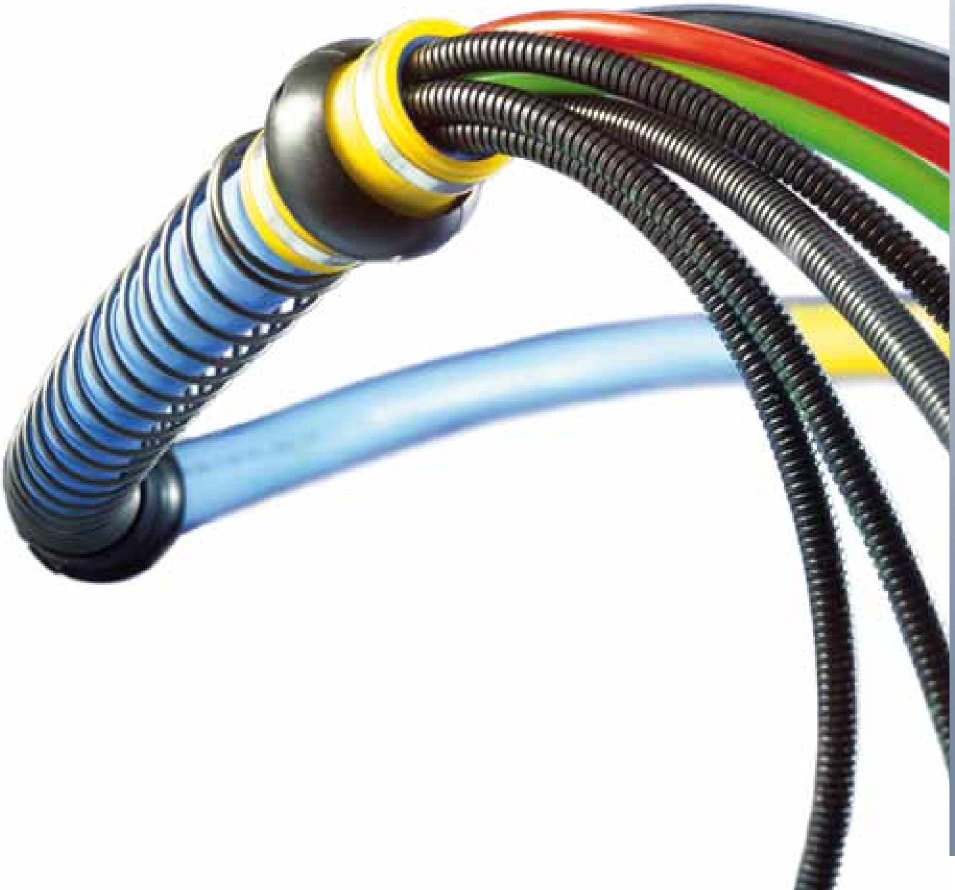
For example: Robot dresspacks

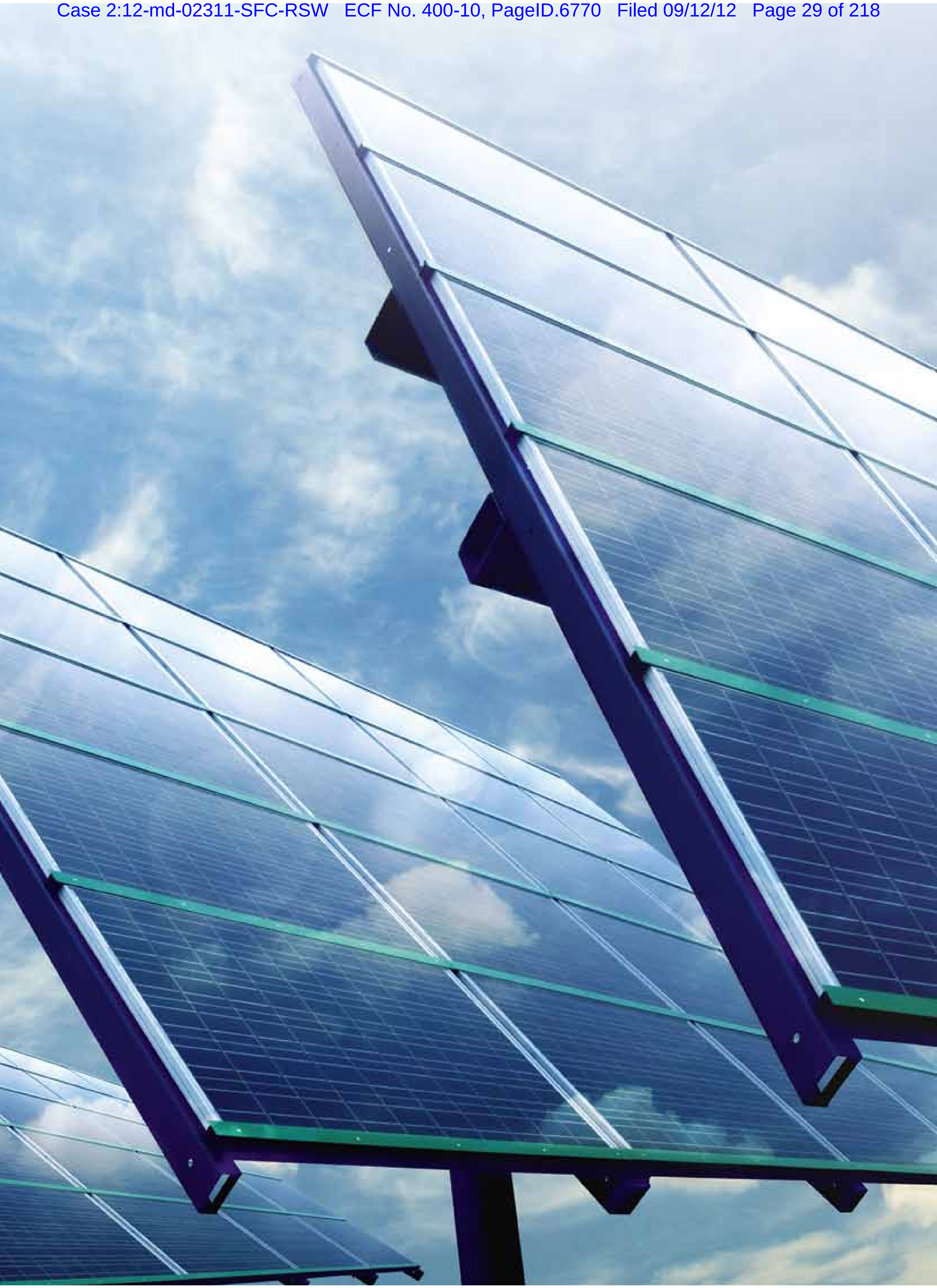
For industrial robotics LEONI develops and produces not only cable and cable systems, but also complete dresspacks that combine the cables and protect them. Our range encompasses power supply systems with pneumatic, hydraulic and electrical components as well as solutions in the fields of sensor systems and image processing, among other purposes for tool calibration. In addition, there are polyurethane hoses, which carry, for example, water, air and other gases or – in so-called profiled tubes – transport and position small parts such as rivets and bolts.

Reinforced, corrugated hoses made of specially modified plastics serve as the conduit and protective medium for the dresspack components. They are especially durable and support the robot's dynamic movements.

An extensive portfolio of industrial services complements our range of robotic products. Under the motto of "Reduce your downtime", LEONI carries out preventive service and maintenance, optimises cycle times and provides robotics training courses. That is a winning proposition not only for the robot manufacturers, but also for the users such as production line and plant manufacturers as well as carmakers and their suppliers around the world.

Dresspack for robots: highly durable and moveable; supplies robots with energy, water, air or other gases as well as with solid objects such as rivets or bolts.





Topic | **Global trends**

Environmental awareness & Shortage of resources

Increasing shortages of resources and growing environmental awareness call for rethinking at all levels in society. For industry this means increasing significance of what are known as green technologies, i.e. processes and products that are sustainable, energy-saving and as environmentally compatible as possible.

LEONI | **Projects**

Innovative products for green technology

LEONI is continually expanding its business involving green technologies. We supply the automotive industry with weight-optimised wiring systems and high-voltage cable harnesses for vehicles with alternative drive systems; we produce charging cables for electric vehicles and offer wires, conductors and special cables for environmentally friendly markets such as the solar and wind power as well as railway industries. Furthermore, we are using increasing proportions of low-pollutant materials as well as cadmium-free copper alloys and halogen-free insulations materials for our products.

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6773 Filed 09/12/12 Page 32 of 218

For example: Wires and cables for the solar industry

LEONI has a variety of products for solar energy plant manufacturers in its portfolio:

Our BETAflam special cables carry the current generated on the solar farms from the solar modules to the plant's inverters. They are halogen-free, flame retardant, UV-resistant and function even at extremely low temperatures as far down as –40° Celsius. They acquire their high durability from the process of electron beam crosslinking. LEONI solar cables are also the first to meet all the key country specifications and can therefore be used around the world.

In 2010, LEONI launched special flat wires for the solar industry. They link the individual cells of the solar panels and consolidate the generated energy. With such environmentally compatible, high-quality and long-life components – known as cell and string connectors – LEONI continues to raise its systems expertise for solar industry customers.

LEONI products are also used in solar thermal plants: our fiber optic cables control the mirrors that are directed at the sun in order to capture its energy.

BETAflam solar cable with UL and TÜV approval: double insulated, electron beam crosslinked cable for wiring photovoltaic modules and plants.

Cell and string connectors for photovoltaic modules: rolled flat wire, absolutely burr-free, environmentally friendly and tinned all round.

Topic | **Global trends**

Urbanisation

Around the world an increasing number of people are moving into major conurbations. More than half of the world's population now lives in cities. Intelligent infrastructure and traffic solutions, building technologies, urban power supply, efficient healthcare centres and high-performance communication networks are needed to ensure a high quality of life in these centres.

LEONI | **Projects**

Cable for the city of the future

The larger conurbations become, the more difficult it is to manage and network them efficiently. High-performance cables and cable systems by LEONI are the lifelines of many urban systems. LEONI has solutions for environmentally friendly urban transport in its portfolio just as it does cable systems for communication networks and especially safe cables for wiring used in buildings.

For example: High-performance office communication networks

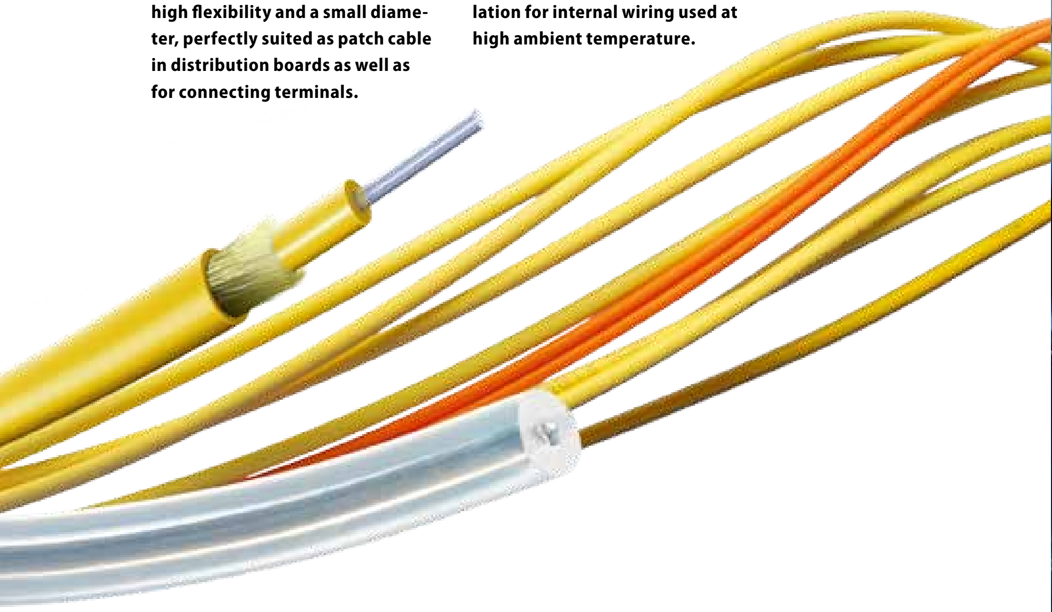
Modern office communication networks are normally based on cable-supported connection technologies. They enable data exchange in the form of information packs to devices connected to a local network. High-performance Ethernet networks are the backbone of such data exchange, as for instance in banks and insurance companies, universities, hospitals, hotels, airports and many other areas of application. LEONI has an extensive product range for these requirements, stretching from in-house produced fibers to the data cable and connection components through to the complete system. Intelligent combination of glass fiber and copper technology provides an economical connection between devices such as PCs and printers. In addition, there is the supply of terminals such as web cameras, WLAN access, IP phones and notebooks with power and voltage.

For example: BETAflam products for safe buildings

BETAflam stands for cables with high safety features, which are free of toxic substances, flame retardant, low in smoke emission and fire inhibiting. In public buildings, in structural and civil engineering as well as traffic infrastructure systems LEONI's BETAflam cables are a recognised standard for safety installations like fire alarm systems, emergency lighting and smoke extraction systems.

FiberConnect – fiber-optic indoor cable: universal office cable with high flexibility and a small diameter, perfectly suited as patch cable in distribution boards as well as for connecting terminals.

Silicone single-core cable: copper strand with silicone insulation for internal wiring used at high ambient temperature.



Topic | **Global trends**

Demographic change

The age structure of the population in many industrialised countries is changing dramatically. Longer life expectancy simultaneously accompanied by a declining birth rate raises the proportion of older people. This higher average age presents a major challenge for all areas of society – not least for the healthcare system and modern medical technology.

LEONI | **Projects**

Best connections in medical technology

The demands on medical devices are high: ideally, they will combine the most complex technical tasks with high user-friendliness. For these multi-talents LEONI has an intertwined range of products and services. As design partners, we develop and produce special cables, cable systems and sub-systems for medical equipment manufacturers: among others, fiber bundles and conical light guides for endoscopes and laparoscopes, connection cables of heart implants and ultrasound devices, hybrid cables and complex cable systems for x-ray machines and magnetic resonance scanners as well as digital networking of dental practices.

For example: Hybrid cables for x-ray machines

X-ray technology has made major progress in recent years. One milestone was reached with the introduction of c-arch x-ray machines. These devices give the physician a particularly large field of vision and, by networking them with other devices, enable substantial synergies in the workflow of hospitals. A flexible, hybrid cable by LEONI facilitates their control, supply and transmission of the data. It was specifically designed for the heavy mobility demands that these x-ray systems impose.

For example: Special cables for cancer treatment

Another, extremely torsion and flex resistant hybrid solution by LEONI is used on a new kind of device for cancer treatment. This combination device, which is based on state-of-the-art technologies and is designed for what is known as intensity-modulated radiation therapy, enables treatment of tumour tissue with increased precision and fewer side effects. It can be used in both diagnosis and treatment. All the connections for controlling, data transmission and supply of the system involve special cables by LEONI.

Cable for ultrasound devices:

Flexible hybrid cable for data transmission in x-ray systems: carries digital image recordings from flat panel detectors; designed specifically for the high requirements of cardiology.

Corporate Governance

Corporate Governance report

LEONI is committed to maintaining responsible and transparent corporate governance, the basis of which consists of statutory rules, the rules of procedure for the Management Board and Supervisory Board, LEONI AG's Articles of Association and the German Corporate Governance Code (Code). These guidelines are observed in all decision-making processes. Pursuant to Section 3.10 of the Code, we hereinafter report on our corporate governance.

All Code recommendations continue to be fulfilled

In the 2010 financial year, LEONI AG fulfilled all the recommendations and, with one exception, also all the suggestions of the German Corporate Governance Code in its current version dated 26 May 2010, which has been applicable since 2 July 2010. LEONI previously fulfilled all the recommendations of the Code in its version dated 18 June 2009. The Declaration of Conformity of the Management Board and Supervisory Board pursuant to Article 161 of the German Public Companies Act dated December 2010 is reproduced in this annual report and may be accessed on LEONI's website, as can the declarations of the past five years.

Declaration of Conformity page 49

Adaptation to the new Code requirements

The principal new requirements of the revised Code pertain to the requirements profile for Supervisory Board members as well as diversity, and in this respect especially to reasonable consideration of women in making appointments to senior positions. The Supervisory Board decided upon the Nomination Committee's preparatory work and recommendation to review and document the requirements profile for shareholder representatives on the Supervisory Board as well as its efficiency with the help of questionnaires developed in house. An independent expert checked both questionnaires and found them to be suitable for reasonable testing of adherence to the Code's new requirements. The surveys of Supervisory Board members carried out during the period under report on the requirements profile and efficiency were carried out with these questionnaires. The finding is that the Code's current requirements, especially with respect to the criteria of independence, experience, internationalism and expertise of the Supervisory Board members as well as their independently organised further education, are fulfilled.

With respect to the appropriate representation of women on the Supervisory Board as recommended by the Code, the Board pursues the aim of raising the proportion of women among its members. The requirements profile as adopted and to be applied by the Nomination Committee in the search for suitable persons also corresponds with and serves this purpose. The nomination of Ms Ingrid Hofmann, who fulfils the requirements profile for Supervisory Board members representing shareholders, already took due account of this aspect of the Code during the period under report, thus at the same time also corresponding with the Code's recommendation (Supervisory Board report).

Supervisoy Board report page 7

All the requirement profiles applied and all the executed selection processes as well as the proposals for suitable members of the Management Board and Supervisory Board and other senior positions within the Company will always observe the general principle that qualification is of crucial significance in the selection of suitable persons, and that this principle shall continue to be the primary criterion in any such selection.

Shareholders and Annual General Meeting

Each share in LEONI AG on principle has one vote. All our shareholders can exercise their equal voting rights at the Annual General Meeting and enter into dialogue with the members of both the Management Board and Supervisory Board on any agenda items. At the Annual General Meeting on 6 May 2010, the system for compensating members of the Management Board was also presented to shareholders, a large majority of whom approved this compensation system.

The invitation to the Annual General Meeting and other information is sent electronically, provided that this form of submission is accepted, to all financial service providers, shareholders and shareholder associations both in and outside Germany. The documents and reports for the previous Annual General Meeting on 6 May 2010 made available on the LEONI website have been significantly extended, thereby improving the service to our shareholders. Corresponding amendments to the Articles of Association also provided the conditions for postal voting. All otherwise relevant information is also published in an easily accessible way on the website and is sent out electronically upon request. To make it easier for shareholders who cannot take part in the Annual General Meeting to exercise their rights, three voting right representatives are also available to cast these votes as instructed. During the Annual General Meeting shareholders are able at any time to authorise and instruct these representatives, who can be reached throughout the meeting.

www.leoni.com

Our shareholders can also easily follow on the internet both the President & CEO's speech to the Annual General Meeting and a presentation shown during this speech. This presentation is also accessible on our website after the meeting.

Management Board

The Management Board of LEONI AG is responsible for corporate governance. It acts in the interests of LEONI AG with the aim of raising its enterprise value on a lasting basis. To do so, the Board develops a suitable strategy, agrees this with the Supervisory Board and ensures that it is implemented. Its duties also include effective opportunity and risk management as well as controlling and monitoring of compliance (observance of legal requirements and guidelines within the Company) throughout the Group.

Rules of procedure as established by the Supervisory Board govern collaboration and the division of tasks among members of the Management Board. They also contain the departmental responsibilities of the individual Board members, matters that are the responsibility of the Management Board as well as the required majority and a catalogue of the types of transaction requiring the Supervisory Board's approval. All the information on compensation for Management Board members is contained in the Compensation report. The Management Board members did not engage in any sideline work subject to mandatory notification during the period under report.

Compensation report page 43

The Management Board of LEONI AG has three members:

Dr-Ing Klaus Probst, Graduate in engineering, 57

First appointed:	1997 (with LEONI since 1989)
Appointed until:	2014
Areas of responsibility:	President & CEO, Head of the Wire & Cable Solutions Division as well as Management Board member responsible for the Corporate Communications and Internal Audit departments

Dieter Bellé, Graduate in business administration, 54

First appointed:	2000
Appointed until:	2014
Areas of responsibility:	Head of the Accounting/Planning, Finance, Legal Affairs/Corporate Governance, Information Management, Risk Management/Compliance, Investor Relations, Information Security, Taxes, Controlling and Human Resources departments (Labour Director)

Uwe H. Lamann, Graduate in engineering, 61

First appointed:	1999
Appointed until:	2012
Areas of responsibility:	Head of the Wiring Systems Division

Supervisory Board

The Supervisory Board of LEONI AG monitors and advises the Management Board on running the Company. In accordance with the German Codetermination Act, the Board has an equal number of six members representing shareholders and six members representing employees. The composition of the Supervisory Board did not change during the period under report. The members of LEONI AG's Supervisory Board hold a maximum of three other supervisory board offices at market-listed companies or in supervisory bodies of companies with similar requirements. The Compensation report provides information on the breakdown and amount of compensation for Supervisory Board members.

Compensation report page 43

The Supervisory Board held five regular meetings and one additional meeting of the shareholder representatives during the period under report. The shareholder and employee representatives separately prepared meetings of the Supervisory Board as required. In 2010, the Supervisory Board had an Audit Committee, a Personnel Committee, a Nomination Committee and an Arbitration Committee. The Audit Committee's chairman is independent and not the chairman of the Supervisory Board, has financial expertise covering the particular knowledge required for this office and has not sat on the Management Board in the past two years. The Supervisory Board report provides comprehensive information on the topics of the Supervisory Board meetings and the work of its committees. The members of the Supervisory Board and of the committees are listed in the section on the Supervisory Board and Management Board.

Supervisory Board report page 7

Supervisory Board and Management Board page 10

The Supervisory Board reviews the efficiency of its work on a regular basis; most recently during its meeting on 8 December 2010. At this meeting the Supervisory Board also determined, in accordance with the new stipulations of the German Corporate Governance Code, specific requirements for the qualification and composition of its own membership. Future proposals to the respective electoral bodies will also be based on these requirements.

The Company will give members of the Supervisory Board appropriate support in seeking, as is their personal responsibility, the training and further education required to perform their duties.

Collaboration between the Management Board and Supervisory Board

The Management and Supervisory Boards of LEONI AG collaborate closely and in mutual trust for the benefit of the Company. The Management Board agrees the strategic direction with the Supervisory Board, and discusses the status of implementation with the Supervisory Board at regular intervals. The Management Board also keeps the Supervisory Board comprehensively informed on a regular and up-to-date basis about all key matters as well as the planning, business performance, the risk situation and the compliance measures. The Management Board's rules of procedure stipulate the obligations on providing information and reporting. During the Supervisory Board meetings the Management Board and Supervisory Board discuss all key strategic decisions as well as transactions that require consent openly and based on maintaining confidentiality. In addition to the regular Supervisory Board meetings, the chairmen of the Management Board and Supervisory Board discussed all relevant, currents matters on a fixed day every month. The Supervisory Board report contains further information on the collaboration between the two boards.

Supervisory Board report page 7

D & O insurance with an excess has been in place for members of the Management and Supervisory Boards for years. Due to the new legal requirements as well as in conformity with the recommendations of the Corporate Governance Code, in 2009 this was set for the event of a claim for damages at one and a half times the individual member's fixed annual compensation.

Compliance

The Management and Supervisory Boards of LEONI AG regularly obtain information on compliance within the Company and monitor the corresponding activity. The organisation of compliance was extended further in various areas during the period under report. You will find more information on this in the section headed Sustainability of the Group Management report.

Sustainability report page 98

Transparency

LEONI AG informs its shareholders, the shareholder associations, financial analysts, the media and the interested public equally, promptly and comprehensively on the Company's performance and significant events, for which we make use of a wide variety of media. All mandatory publications as well as extensive supplementary information are always made available in a timely manner on LEONI's website. The publications, such as ad hoc announcements, media releases, interim and annual reports are always issued in both German and English. Analyst meetings and conference calls as well as the annual balance sheet press conference are always broadcast live on the internet, where, immediately thereafter, the audio and video recordings are easily accessible for a limited period. The latest fiscal calendar, which provides information on the dates for all key releases and events, can also be viewed on the website.

www.leoni.com

Accounting and audit of financial statements

The consolidated financial statements for fiscal 2009 and 2010 as well as the condensed consolidated interim financial statements in the half-year report and in the two quarterly reports of LEONI AG were prepared in accordance with the International Financial Reporting Standards (IFRS). The Annual General Meeting on 6 May 2010 appointed accountants Ernst & Young GmbH of Stuttgart as the auditors for the year under report. The nomination was preceded by an examination of independence. This ruled out any business, financial, personal and other relations between auditors and their corporate bodies as well as chief auditors on the one hand and LEONI AG as well as members of its corporate bodies on the other hand that might give cause to doubt the independence of the auditors. Ernst & Young issued a corresponding, binding declaration of independence.

The Supervisory Board also agreed with the auditors that the latter would notify without delay of findings and occurrences material to the duties of the Supervisory Board that arise during execution of the audit. Accordingly, the auditors are obliged to advise the Supervisory Board, or note this in their audit report, if pieces of information are found that point to incorrectness in declaration pursuant to the Code submitted by the Management and Supervisory Boards.

Directors' Dealings and Shareholdings

www.leoni.com

All share transactions carried out by members of the Management Board and of the Supervisory Board as well as parties related to them (Directors' Dealings pursuant to Article 15a of the German Securities Trading Act) are published on LEONI's website as soon as we are advised to this effect. The following transactions were reported in 2010:

Date of transaction	Notifying party	Issuer	Place of transaction	Transactions subject to mandatory disclosure
04/06/2010	Dominik Probst, person closely related to a senior executive (son of Dr Klaus Probst – Management Board Chairman)	LEONI AG[1]	Xetra, Frankfurt Stock Exchange via Sparkasse Nürnberg	Purchase of 5,000 no-par-value LEONI shares[1] at a price of € 15.98 per share. Total amount: € 79,900.00.
13/09/2010	Werner Rupp, Chairman of LEONI AG's Supervisory Board	LEONI AG[1]	Xetra via Sparkasse Nürnberg	Sale of 14,200 no-par-value LEONI shares[1] at a price of € 23.33 per share. Total amount: € 331,286.00

[1] WKN code 540888, ISIN DE0005408884

On 31 December 2010, members of LEONI AG's Management and Supervisory Boards held more than one percent of the shares issued by LEONI. These holdings broke down as follows:

Shareholdings	No. of shares on 31 December 2010	Percentage of share capital
Supervisory Board members and related parties	453,672	1.53
Management Board members and related parties	106,257	0.36
Supervisory Board and Management Board, total	559,929	1.89

Compensation report

This compensation report follows the recommendations of the German Corporate Governance Code (Code) and contains disclosures that, according to the requirements of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS), are part of the Group notes as well as of the management report.

New compensation structure for Management Board members from 2010

A new compensation structure has applied for Management Board members since 1 January 2010. It is based on the Act on the Appropriateness of Management Board Compensation (VorstAG), which came into force on 5 August 2009. The revised legislation is also contained in the recommendations of the current German Corporate Governance Code. Based on observance of this new legislation as well as taking the recommendations of the Code into consideration, the Supervisory Board discussed and unanimously adopted a new system for compensating members of LEONI's Management Board. In preparation, the Supervisory Board's Personnel Committee revised the system and structure for compensation of Management Board members and explained this to the whole Supervisory Board, which adopted it. A large majority of shareholders at the Annual General Meeting on 6 May 2010 voted in favour of the new compensation structure.

The Supervisory Board reviews the compensation system at least once a year. The most recent review was carried out during the meeting of 8 December 2010, when the medium-term planning for 2011 through 2015 and its effect on future Management Board compensation was discussed.

Basic principles of the compensation system

In accordance with the Code, we hereinafter explain the principles of the system for compensating the members of LEONI AG's Management Board and the specific structure of the individual components. The table below provides an overview of the **structure and system for Management Board compensation** from 2010:

Component	Measurement basis	Corridor	Precondition for payment	Payment
1. **Fixed compensation** Fixed salary Benefits in kind/ Fringe benefits	Function, responsibility, duration of Board membership, standard	Firmly agreed for the term of the contract	Contractual stipulation	Monthly
2. **Short-term compensation component** Annual bonus	Task, performance, consolidated net income	0 to 150 % [Target fully met = 100 %]	1-year planning, target attainment	Once a year in the subsequent year
3. **Medium-term compensation component** Multi-year bonus	Task, performance, consolidated net income	0 to 150 % [Target fully met = 100 %]	3-year planning, target attainment on a 3-year average at least 50 %	In the 4th year
4. **Long-term compensation component** Bonus account	Task, performance, EVA and share appreciation	0 up to cap; penalty rule	Contractual stipulation	Once a year in the subsequent year 50 % of which converted into LEONI shares with a 50-month holding period
5. **Disability and other benefits** Accrued pension rights	Pensionable fixed salary, years of service on the Board	Fixed amount	Retirement, disability	—

Fixed compensation

The fixed component is a firm, annual amount of basic compensation that is paid in equal monthly instalments. It is adequate in comparison with the compensation of other MDAX companies.

Variable components

Short-term compensation component – annual bonus: An annual bonus is paid depending on the net income generated. It is capped at a maximum of the figure than can be attained by 150 percent plan fulfilment. The annual bonus can drop to nil. This conforms to the requirements of both the VorstAG and Code.

Medium-term compensation component – multi-year bonus: The multi-year bonus is geared to the net income of the year in question measured against the earnings of a three-year period and thus conforms to the sustainability requirement set out in both the VorstAG and Code. The multi-year bonus is limited by a corridor (0 to 150 percent) on the upside. Payment is made after the three-year period and only if the (arithmetic) average target attainment level for the three-year period is at least 50 percent. Otherwise the multi-year bonus is forfeited in full. It is paid in the fourth year, while 50 percent of the amount is paid in the subsequent year as an instalment.

Long-term compensation component: A long-term compensation component that takes adequate account (e.g. in a bonus account) of the economic value added (EVA) and the Company's market capitalisation is intended to further strengthen sustained, positive business performance. An amount is paid out annually from this bonus account up to a cap, 50 percent of which members of the Management Board must invest in LEONI shares, which must be retained for a period of 50 months, thereby conforming to the 48-month minimum holding period prescribed by the VorstAG. This compensation component can drop to nil. Negative business performance will reduce the bonus account (penalty rule), which can drop to nil.

The total compensation is adequate in comparison with that paid by other MDAX companies and other companies with between 20,000 and 50,000 employees. It takes account of both good and poor performance. Furthermore, the individual compensation components do not tempt the Management Board to take inappropriate risk. An internationally recognised compensation expert oversaw the preparation of the new compensation structure and confirmed its conformity with the new legislation including the Code. The Supervisory Board ensured itself of the compensation expert's independence. In summary, it may be concluded that compensation for the members of LEONI's Management Board meets the requirements of both the VorstAG and Code and is set up for sustainability.

Disability and other benefits

In the event of temporary work incapacity due to illness or other reasons, for which the Management Board member is not responsible, the fixed compensation will continue to be paid for a period of up to twelve months, at most up to termination of the employment contract. In the event of protracted work incapacity the Management Board member will receive a disability pension. If a Management Board member dies, widows and orphaned children will be paid pensions. Following the end of their 65th (or 63rd with agreed discounts) year of age, every Management Board member is entitled to payment of retirement benefits, which are computed according to the period of Management Board service and the pensionable fixed salary. Pensionable is defined as a contractually agreed proportion of the final fixed compensation. The disability and other benefits granted to members of LEONI AG's Management Board are also adequate in comparison with those of other MDAX companies.

Miscellaneous

Severance payments upon premature termination of Management Board duties in the absence of a material reason are limited to two years' compensation and shall not be more than the annual compensation for the balance of the employment contract (severance cap pursuant to the Code).

In the event of a change of control, every Management Board member has the right to terminate for material reason and shall be entitled to severance payment. Such payment is limited to a maximum of three years' compensation (150 percent of the severance cap pursuant to the Code) and shall even in this event not exceed the annual compensation for the balance of the employment contract.

Cost of compensation in 2010

The tables below provide individualised presentation of the cost of compensating members of the Management Board in the 2010 financial year and, in comparison, the corresponding figures from fiscal 2009.

The cost of compensation and pensions recognised in the LEONI Group's income statement is shown in table 1. The Management Board members received only part of this amount in 2010. Table 2 shows the proportion of compensation that Management Board members were paid in 2010.

Individualised presentation of the cost of compensating Management Board members in fiscal 2010:

Table 1		Compensation						Pensions	
€ '000		Fixed compensation	Short-term compensation component	Medium-term compensation component	Long-term compensation component	Other	Total	Annual benefit once pension entitlement takes effect	Addition to pension provision in the fiscal year
Dr K. Probst	2010	750	300	120	670	28	1,868	297	152
	2009	455	295	—	—	28	778	297	405
D. Bellé	2010	550	201	81	465	37	1,334	188	132
	2009	300	250	—	—	36	586	188	111
U. Lamann	2010	550	201	81	465	27	1,324	188	214
	2009	330	220	—	—	27	577	188	182
Total	2010	1,850	702	282	1,600	92	4,526	673	498
Total	2009	1,085	765	—	—	91	1,941	673	698

Individualised presentation of the amounts paid to Management Board members in fiscal 2010:

Table 2		Payment					
€ '000		Fixed compensation	Short-term compensation component	Medium-term compensation component	Long-term compensation component	Other	Total
Dr K. Probst	2010	750	300	60 [1]	350	28	1,488
	2009	455	295	—	—	28	778
D. Bellé	2010	550	201	40.5 [1]	233	37	1,061.5
	2009	300	250	—	—	36	586
U. Lamann	2010	550	201	40.5 [1]	233	27	1,051.5
	2009	330	220	—	—	27	577
Total	2010	1,850	702	141 [1]	816	92	3,601
Total	2009	1,085	765	—	—	91	1,941

[1] Medium-term compensation component initially by instalment as per contract

The total cost of compensation for the members of the Management Board for fiscal 2010 was € 4,526 k (previous year: € 1,941 k). Of this, the Management Board members were paid € 3,601 k for 2010 (previous year: € 1,941 k). The remainder was retained and is subject to the LEONI Group's future performance. The increase in total cost and also in the additions is directly related to the very encouraging 2010 recovery in consolidated earnings to € 67.2 million (previous year: a loss of € 138.1 million) and the significant rise in enterprise value due above all to the strong appreciation in the LEONI share.

Other compensation comprises the non-monetary benefits in the use of company cars and top-ups on insurance policies.

Also shown are the pension entitlements pertaining to each member of the Management Board as well as the addition to pension provisions in fiscal 2010. This in principle comprises service costs and past service costs. Pensions are paid to Management Board members who have either reached the retirement age of 63 years or are permanently disabled. The pension entitlement of the active Management Board members is computed as an agreed pensionable proportion of the final fixed annual salary. Previous Management Board members were paid retirement benefits from their 65th year of age.

Supervisory Board compensation in 2010

The compensation for members of the Supervisory Board, which is stipulated in the Articles of Association, as a matter of principle contains a fixed and a performance-related component. Up to (and including) the 2010 financial year, each member of this Board was paid a fixed amount of € 35 k. The Supervisory Board's chairman received twice that amount and each deputy chairman was paid one and half times the rate. Membership on the Personnel Committee and the Audit Committee was in each case compensated with an additional € 1,000, while the respective chairperson received € 1,500. In accordance with the Articles of Association, additional performance-related compensation amounting to 4 percent of the distributable profit was possible. This is due only when the distributable profit exceeds 4 percent of the share capital. Furthermore, the Articles of Association limited the performance-related compensation for the entire Board to a maximum 3 percent of the share capital, which based on the current share capital of € 29.7 million means a maximum of € 891 k. The maximum possible compensation (including compensation for committee work) for 2010 for the whole Supervisory Board was € 1,315 k, of which € 817 k or about 63 percent was variable.

The compensation for members of the Supervisory Board in 2010 and 2009 broke down as follows:

in € '000		Fixed compensation (net)	Profit share (net)	Other	Total
Dr Werner Rupp [1]	2010	73	117	—	189
	2009	73	0	—	73
Franz Spieß [2]	2010	55	88	—	142
	2009	55	0	—	55
Ernst Thoma [3]	2010	55	88	—	143
	2009	55	0	—	55
Gabriele Bauer	2010	35	58	—	93
	2009	35	0	—	35
Josef Häring	2010	35	58	—	93
	2009	35	0	—	35
Ralf Huber	2010	36	58	—	94
	2009	36	0	—	36
Karl-Heinz Lach	2010	35	58	—	93
	2009	35	0	—	35
Dr Bernd Rödl [4]	2010	35	58	—	93
	2009	22	0	—	22
Horst Schmidmer	2010	35	58	—	93
	2009	35	0	—	35
Benno Schwiegershausen [5]	2010	0	0	—	0
	2009	13	0	—	13
Wilhelm Wessels	2010	35	58	—	93
	2009	35	0	—	35
Helmut Wirtz	2010	35	58	1	94
	2009	35	0	1	36
Prof. Dr-Ing. Klaus Wucherer	2010	35	58	—	93
	2009	35	0	—	35
Total	2010	498	817	1	1,315
	2009	498	0	1	499

Addition of the individual payments in € thousands in the adjacent table may deviate from the totals reported here due to rounding.

[1] Chairman of the Supervisory Board
[2] 1st Deputy Chairman of the Supervisory Board
[3] 2nd Deputy Chairman of the Supervisory Board
[4] Member from 14 May 2009 on
[5] Member until 14 May 2009, since then substitute member

New compensation system for the Supervisory Board (proposal to the 2011 Annual General Meeting)
Legislation and the German Corporate Governance Code from 2011 impose in the future far greater requirements on members of supervisory boards, which also entail greater liability risks. Particularly the requirements for committee work have increased significantly. This prompted LEONI AG's Supervisory Board, at the Nomination Committee's suggestion, to modify the existing system for compensating Supervisory Board members and to review it for market conformity.

The Code recommends, for reasons of independence, that there should be greater weighting towards the fixed component as opposed to the performance-related compensation. The performance-related compensation of members of LEONI AG's Supervisory Board is therefore to be limited to a maximum 50 percent (previously a maximum 65 percent) of total compensation, with the fixed component in return raised to € 45 k (previously € 35 k). Measurement of the variable compensation remains unchanged from the existing procedure.

The existing compensation for committee work at LEONI is, at € 1 k per ordinary member, well below the average among MDAX companies. An increase in the compensation for committee work to € 8 k per ordinary member is therefore deemed to be justified, while this will be paid only if the committee has met at least once in the year. The total cost of committee work (Personnel, Audit and Nomination committees) for all committee members is capped at € 116 k.

The table below provides an overview of the previous compensation system in comparison with the new one:

New compensation system for the Supervisory Board

		previous	new
1. Fixed compensation	Ordinary member	€ 35 k	€ 45 k
	Deputy chair (factor)	x 1.5	x 1.5
	Chair (factor)	x 2	x 2
	Total*	**€ 490 k**	**€ 630 k**
2. Variable compensation	as % of Total compensation	0 to 65 %	0 to 50 %
	maximum	**€ 891 k**	**€ 630 k**
3. Committee work maximum	**maximum**	**€ 8 k**	**€ 116 k**
4. Total compensation maximum	**maximum***	**€ 1,389 k**	**€ 1,376 k**

* based on 2 deputy Supervisory Board chairpersons

In total, including committee work, the maximum compensation for members of the Supervisory Board will be € 1,376 k and is therefore in line with the previous maximum of € 1,389 k. Value added tax will be refunded as before.

An internationally recognised compensation expert, who also confirmed conformity with legislation including the Code as well as with MDAX company standards, assisted in devising the new system for compensating members of LEONI AG's Supervisory Board. At the proposal of and following explanation by the Nomination Committee, the entire Supervisory Board adopted the new compensation system during its meeting on 8 December 2010. It will be put to the vote at the Annual General Meeting on 12 May 2011.

Declaration of Conformity

Declaration of the Management and Supervisory Boards of LEONI AG in 2010 on the recommendations of the Government Commission on the German Corporate Governance Code in its versions dated 18 June 2009 and 26 May 2010 (most recently published in the electronic Bundesanzeiger on 2 July 2010) pursuant to Article 161 of the German Public Companies Act

The Management Board and Supervisory Board of LEONI AG in their respective meetings of 3 December and 8 December 2010 concordantly approved the following Declaration of Conformity pursuant to Article 161 of the German Public Companies Act:

I. The Management Board and Supervisory Board declare that, since issuing their last Declaration of Conformity in December 2009 up to and including 1 July 2010, they conformed without exception to the recommendations valid until that date of the Government Commission on the German Corporate Governance Code in its version of 18 June 2009.

II. Furthermore, the Management Board and Supervisory Board declare that, from 2 July 2010, they have been conforming to the recommendations valid from that date of the Government Commission on the German Corporate Governance Code in its version of 26 May 2010, likewise without exception.

III. The Management Board and Supervisory Board of LEONI AG also declare that in future, too, they intend to conform without exception to all the recommendations of the Government Commission on the German Corporate Governance Code in its version of 26 May 2010.

Nuremberg, December 2010.

LEONI AG
On behalf of the Management Board
Dr Klaus Probst

On behalf of the Supervisory Board
Dr Werner Rupp

LEONI Share

Share price performance 2010

Key LEONI share figures [per share in €]

	2010	2009	2008
Consolidated net income/loss	2.26	(5.04)	0.17
Dividend	0.70 [1]	0.00	0.20
Equity	16.20	13.46	16.75
High for the year [2]	34.81	17.10	36.06
Low for the year [2]	13.43	6.36	7.64
Yearend closing price [2]	32.95	16.35	12.99
Market capitalisation on 31 Dec. in € million	979	486	386
Average trading volume (no. of shares)	237,628	192,800	309,487

[1] Subject to approval by shareholders at the Annual General Meeting
[2] Xetra closing price of the day

Overview of key LEONI share data

First listed on	1 January 1923
Ticker symbol	LEO
ISIN	DE0005408884
WKN	DE540888
Class of shares	Ordinary bearer shares with no par value
Market segment	Prime Standard
Indices	MDAX, HDAX, CDAX, BayX30
Share capital	€ 29.7 million
Number of issued shares	29.7 million

The stock market in 2010 – German equity market showed strength

The performance of the world's equity markets was mixed in 2010. While losses were initially still in the majority against the backdrop of extremely uncertain global economic conditions, this picture brightened significantly in the second half of the year. In conjunction with stabilisation in key economic indicators, the readiness to invest in equities rose considerably again. As a result, some markets managed to partially recoup the losses previously sustained. Other markets succeeded in breaking away from their sideways movement and in generating encouraging gains over the year as a whole. These also included particularly the German equity market. The country's leading index, the DAX, rose strongly, i.e. by over 16 percent versus the 2009 closing level, to about 6,914 points. With this impressive performance the DAX was well ahead among the major, leading indices.

The better-than-expected, strong recovery in the German economy with gross domestic product rising by perhaps record-breaking 3.6 percent provided the German stock market with a tailwind. The exceptionally dynamic growth in the world's automotive markets, above all in the BRIC countries and the United States, as well as the strong domestic demand for capital goods in the second half of the year, were the principal factors driving this upswing. In the process, German companies demonstrated competitive strength and benefited disproportionately from the growth in the emerging countries. Particularly cyclically sensitive and export-oriented equities were therefore in demand. The prospect of handsomely increasing corporate profits relegated the still existing uncertainty due to the euro crisis into the background. Quite the opposite: reallocation of investments based in countries with major budget problems into German equities underpinned the appreciation of shares in Germany. The upturn on the stock market also encompassed medium-sized companies. Among other places, this is reflected in the MDAX, which rose by nearly 35 percent in 2010.

LEONI share clearly outperforms the overall market

Especially the shares of well-positioned companies, which included LEONI AG, benefited from the rising demand for mid caps. The factors arguing in favour of our share were above all our resolute and successful adaption to the changed conditions following the worldwide financial and economic crisis, our competitive products and the fact that we are pursuing a convincing strategy for growth. These success factors not only provided favourable prospects, but were also already reflected in our fiscal 2010 figures, which turned out significantly better than expected: consolidated sales rose by 36.8 percent to € 2.96 billion and the result per share was a convincing turnaround from a loss of € 5.04 to earnings of € 2.26.

With the signs mounting during the year that LEONI would emerge from the economic crisis more quickly and dynamically than forecast, the share's price began to soar from the middle of the year and reached a high of € 34.81 in mid December. At € 32.95, the yearend closing price was only just below that level. Compared with the price of € 16.35 at the end of 2009, the share thus doubled in value. With a rise of about 102 percent, LEONI's share clearly outperformed the overall market and ranked 4th in the MDAX in terms of performance over the year.

Based on the yearend closing price, the market capitalisation of the unchanged number of 29.7 million LEONI shares came to about € 979 million at the end of 2010 as opposed to about € 486 million one year earlier.

Rising trading volumes

Trading activity also reflected the mounting interest in the LEONI share. A total of 60.8 million LEONI shares changed hands on the Frankfurt Stock Exchange and in the XETRA electronic trading system in 2010, up from 49.0 million in 2009 and therefore by about 24 percent. On average, 237,628 shares changed hands on each trading day, as opposed to 192,800 in the previous year.

Shareholder structure stable

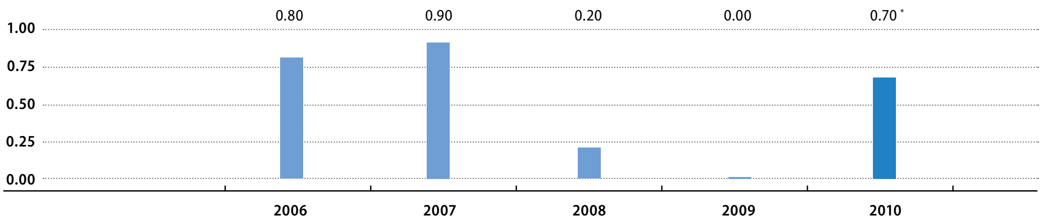
Just as in December 2009, about two thirds of the 29.7 million LEONI shares were held in the portfolios of institutional investors, while private investors owned about one third. With holdings of between 3 and 5 percent, the largest shareholders on 31 December 2010 were Nürnberger Versicherung, Wilms Beteiligungs GmbH and the BlackRock investment company. No single shareholder owned more than 5 percent of the share capital.

The majority of LEONI shareholders are based in Germany – where about two thirds of the shares are held. The remainder is evenly distributed across the rest of Europe and the United States.

Dividend

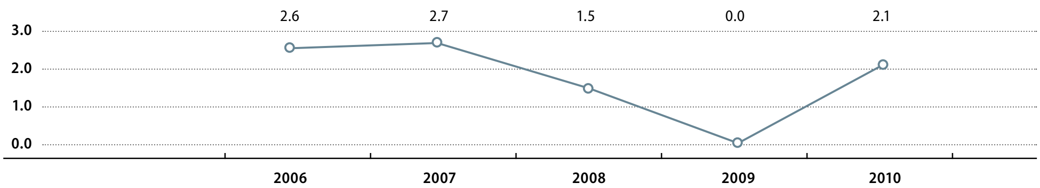
LEONI AG pursues an earnings-oriented growth strategy, with shareholders receiving a reasonable share of the gains. Our dividend policy therefore provides that, in principle, about one third of consolidated net income be paid out in dividends. The Management Board and Supervisory Board will therefore propose to shareholders at the Annual General Meeting on 12 May 2011 to pay a dividend of € 0.70 per LEONI share. The payout would thus total € 20.8 million. No dividend was paid for fiscal 2009 because of the consolidated net loss.

Dividend development €



* Subject to approval by shareholders at the Annual General Meeting

Dividend yield development * %



* based on yearend closing price

Analysts like LEONI's share

LEONI AG continues to enjoy major interest in investment circles. At the end of 2010 the Company was on the watch list of 20 investment firms. Coverage therefore remained at a very high level compared with the previous year, when 21 financial institutions covered LEONI continuously.

The overwhelming majority of these institutions give LEONI's earnings-oriented growth strategy a very good verdict: at the end of 2010, 12 analysts recommended the LEONI share as a buy while five took a neutral position. The price targets of 15 of these 17 analysts were above € 30. Only three market observers rated the LEONI share as a sell at that time.

Proactive and comprehensive investor relations

LEONI considers transparency and active communication vis-à-vis the capital market to be integral elements of good corporate governance. We advise our shareholders, the players on the financial market and the interested public comprehensively, promptly and openly on the Company's current and projected performance. In this way we establish confidence, which benefits the performance of LEONI's share and therefore also enterprise value.

Our open communications policy thrives on personal dialogue with analysts, investors, private shareholders as well as the financial and business media. All members of LEONI's Management Board are therefore closely involved in investor relations work. In 2010 we presented our company in a total of 18 roadshows in and outside Germany. We also took part in five international investor conferences. For the first time, we also participated in an event for private shareholders organised by the German Association for Private Shareholders (DSW).

In addition to one-on-one dialogue, the investor relations team supporting the Management Board provides timely statements on all share-relevant information by means of ad hoc announcements as well as other publications. These include above all annual and interim reports as well as media releases. As a matter of course we accompany the release of LEONI's quarterly figures with conference calls for analysts and business journalists during which the key events and facts are discussed and members of the Management Board answer participants' questions. In addition, we present and explain the annual financial statements in a balance sheet press conference to which we invite business journalists to Nuremberg in March of each year.

As a further service for our shareholders and investors, we provide comprehensive information on our website, www.leoni.com, where detailed data on LEONI AG and the LEONI share is available around the clock. Along with fundamental information, this also includes current analyst recommendations and the fiscal calendar. The website furthermore facilitates viewing of presentations given during the balance sheet press conference and the Annual General Meeting as well as conference calls. There also continues to be very favourable feedback on our broadcast in full of LEONI's annual analyst and investor meeting as well as the quarterly conference calls via the internet.

Group management report

Automotive cable

In 2010, LEONI produced around 7.5 million kilometres of automotive cables. When considering that each cable consists of at least seven individual wires, these single wires would together stretch from the sun to Mercury.

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6799 Filed 09/12/12 Page 58 of 218

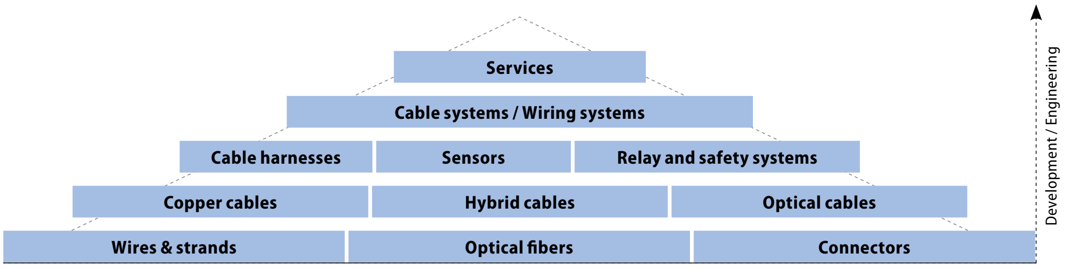
Group management report

Business and underlying conditions

Business basis

LEONI operates worldwide, providing wires and optical fibers, cables and cable systems as well as related services to the automotive sector and other industries. Its operations are organised into two segments: The Wire & Cable Solutions Division develops, produces and assembles wires and strands, optical fibers, standard and special cables, hybrid and optical cables as well as complete cable systems for a very wide variety of industrial applications. The Wiring Systems Division develops and produces cable harnesses, complete wiring systems as well as related components for numerous customers in the international motor vehicle and component supply industry.

LEONI's products and services portfolio



The two divisions work together closely in many areas and form a **complementary value chain**. This provides LEONI with unique know-how, multi-faceted process and methodology merits and therefore a decisive competitive advantage. Our customers benefit from high levels of specialist expertise, innovative power, quality and flexibility. The close collaboration between the two divisions also facilitates synergies in purchasing, development, regional market development and various other corporate areas.

Markets

The LEONI Group's customers stem primarily from the automotive sector, a wide range of capital goods industries, medical and communications technology, the infrastructure sector, fields involving renewable energy and major industrial projects as well as the household and electrical appliance industry. The most significant market is the **automotive sector**. This customer group accounted for a slightly raised, 71 percent proportion of total sales in 2010.

LEONI's Wiring Systems Division supplies international car and commercial vehicle manufacturers as well as their suppliers worldwide. In the Wire & Cable Solutions Division we serve customers in all the markets mentioned above. More details of the principal customer groups and markets of the two divisions are to be found in the Segment report.

Segment report page 65

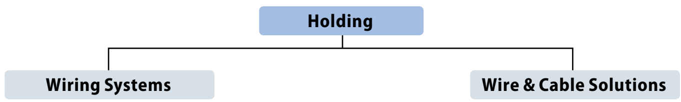
In regional terms, the Group's sales are concentrated in Europe, North America and Africa. At present, Europe is still the most important sales region. The largest growth market – ahead of Europe and North America – will be China in the future. In addition, LEONI will also expand in other BRIC countries, especially so in India and Russia.

Organisational structure

Segment report page 65

The LEONI Group comprises LEONI AG, the holding company, and the two segments, Wiring Systems and Wire & Cable Solutions. The organisational structure of these two segments is in principle geared to their customer groups and markets, thereby enabling us to respond flexibly to varying customer requirements. To do so, we have set up various business groups, units and areas. The structure of the divisions and the resulting competitive edge is described in detail in the Segment report. The holding company performs cross-divisional tasks with its head office functions.

Organisation of LEONI Group



You will find a detailed presentation of the Group's structure on the inside of the annual report's back cover.

Principal facilities, acquisitions and divestments

Facilities back cover

At the end of 2010, LEONI was, with 84 subsidiaries and 90 production facilities in 37 countries, present in Europe, Asia, America and North Africa (world map with the principal facilities).

The Company made two acquisitions in the 2010 financial year. These involved the US company RoMack Inc., which specialises in optical fiber technology, and parts of the wiring system production of the AFL/AEES Group in Romania. RoMack Inc. was merged with our US company meanwhile renamed LEONI Fiber Optics Inc. (formerly FiberTech USA Inc.). The acquisition in Romania did not involve an independent company, but rather parts of wiring systems production purchased in an asset deal.

The subsidiaries LEONI NBG Fiber Optics GmbH in Austria and LEONI WCS Benelux B.V. in the Netherlands were sold at the end of the financial year. A complete list of the scope of consolidation is contained in the Notes.

Notes page 198

Competitive position

In a favourable setting, the **Wiring Systems Division** succeeded in holding its leading position in the European market for cable harnesses and wiring systems. In a global comparison, this division is still, with about 8 percent of the market, among the four largest providers. Our aim is to safeguard this position and, in the medium term, to expand it in the context of an earnings-oriented growth strategy.

The **Wire & Cable Solutions Division** is a leading manufacturer of cables and cable systems, commanding a leading international position in key markets. We strengthened our leading global position in the market segment of single-core automotive cables in 2010. We are also global market leaders in solar cables certified to international standards and special cables as well as complete dresspacks and system solutions for

robot engineering. Furthermore, we command a worldwide leading position in the segments encompassing cables for data communication and for major industrial projects as well as thin wires and strands for the cable industry. Our objective is in the context of our strategic direction to strengthen our good market position and to further expand it in markets on which we focus.

Strategy

The LEONI Group's strategy is geared towards profitable growth aimed at a **sustained increase in enterprise value** and, in so doing, we want to generate disproportionately stronger growth in earnings than in sales over the years ahead. By methodically broadening our expertise we are increasingly positioning ourselves as providers of development services and system suppliers for our customers, developing new customer groups and improving our position in high-growth regions. The automotive industry is our most important market. In the medium term, we aim to generate about 40 percent of our business with customers outside this sector. To take account of the mounting importance of green, i.e. environmentally friendly, technologies, LEONI has also set itself the objective of becoming the world's most innovative provider of cables and cable systems in this field. Furthermore, LEONI intends to benefit from the global trends of mobility, urbanisation, environmental awareness & shortage of resources, demographic change, industrialisation & automation as well as globalisation.

Our strategy is based on the three **growth mainstays** of internationalisation, synergies and innovation. In the process

- we are strengthening our worldwide footprint by way of systematic internationalisation and are thereby a dependable partner local to our customers,
- we are improving our competitive position by making use of synergies between our business divisions as well as in the international combine of our facilities,
- we are increasingly focusing on innovation and technology-driven growth markets.

Strategic growth mainstays

Earnings-oriented expansion strategy

Internationalisation	Synergies	Innovation
■ Focused on global trends ■ Exploitation of technological and regional growth opportunities (triad) ■ Extension of value chains	■ Focus on five core markets ■ Trimming and optimising business processes ■ Maintaining cost leadership ■ Optimisation and consolidation of links in the value chain	■ Innovation in the products and processes of the core business ■ Growth to become the leading provider of cables and cable systems for green technology

Strong, vertically integrated value chain with a complete portfolio of technology and products

The breakdown of the LEONI Group's structure with two business divisions and customer-oriented units (business groups, units and areas) operating within them ensures that our long-term strategy can be efficiently implemented based on considering the specific demands of the respective customers.

The **Wiring Systems** Division is expanding mainly with its own resources. The segment's most important strategic targets are:

- Worldwide, profitable growth by gaining additional projects from existing customers as well as new customers, particularly so in strongly expanding areas such as China, India and Russia, but also in Europe and North America.
- Safeguarding cost leadership through ongoing optimisation of the production network and sustained focus on best-cost locations.
- Expansion of the potential for creating value with new activity, especially in the areas of mechatronic components and special cable harnesses.
- Ongoing product innovation by improving and extending wiring system functionality for maximum benefit to the customer.
- Stepped-up development work in the field of electromobility via the new Business Unit Electromobility.
- Stronger worldwide positioning as a full-service provider ranging from design through to JIT/JIS delivery of the integrated wiring system.

In its **Wire & Cable Solutions** Division, LEONI is aiming primarily for organic growth. Further acquisitions are conceivable on a selective basis, however. The most important strategic targets include:

- Strengthening our business in China by addressing a broader market and stepping up activities under the umbrella of our Business Area China.
- Ongoing enhancement of our expertise as a systems supplier.
- Massive expansion of the business involving environmentally friendly products as well as for environment-oriented applications.
- Strengthening power of innovation in the core business.
- Clear focussing of the business units on cost and innovation leadership.
- Realising synergies between the individual business groups.

We monitor and evaluate long-term **global trends** across the Group in order to develop new business areas and options. The chart below illustrates the flows in and drivers of demand that are important to LEONI as well as LEONI's approach in order to derive targeted benefit from the arising growth areas in these most significant markets.

LEONI Strategy – Global trends

	Demand drivers	Examples of growth areas
Global trends	■ Demographic change ■ Urbanisation ■ Globalisation ■ Environmental awareness & Shortage of resources ■ Industrialisation & Automation ■ Mobility	■ Health care ■ Power generation and efficiency ■ Safety ■ Environment and climate protection ■ Communication ■ Electromobility
LEONI's response	■ Allocation of innovative topics ■ Development of new areas ■ Strengthening system competences ■ Range expansion of services offered	■ Automotive & Commercial Vehicles ■ Industry & Healthcare ■ Communication & Infrastructure ■ Electrical Appliances ■ Conductors & Copper Solutions

Details of the Group-wide **funding strategy** are to be found in the section on the ➲ Financial situation. LEONI does not have any **strategic equity interests**.

➲ Financial situation page 80

Corporate governance and management system

LEONI's corporate governance follows with the principles of the German Corporate Governance Code (Code), the recommendations of which we apply in full. The Management Board is responsible for corporate governance. Its work is monitored by the Supervisory Board. Information on the compensation of the Management and Supervisory Board is part of the ➲ Compensation report.

➲ Compensation report page 43

The Management Board also determines the Group strategy and, together with those in charge of the divisions and the individual business units, measures suited to its implementation.

The operating units are governed by the **key figures** of sales, earnings before interest and taxes (EBIT) and capital employed. Target attainment is measured by the benchmarks of return on sales and return on capital employed. Free cash flow is a further managerial instrument. Information on capital management is to be found in the ➲ Notes.

➲ Notes page 185

Performance overview
page 64

The table below shows the planned and actual figures involving the key benchmarks. The reasons for the positive deviation in fiscal 2010 are explained in the section headed LEONI – Performance overview.

Performance indicators

	Planned 2010 figures	Actual 2010 figures
Consolidated sales	approx. € 2.4 billion	€ 2.96 billion
Consolidated EBIT	> € 50 million	€ 130.7 million
Return on Sales	2.2 %	4.4 %
Return on Capital Employed	5.0 %	13.9 %
Free cash flow *	> 0	€ 50.7 million

* before dividends and acquisitions

The findings gained from monitoring various **leading indicators for operational risk** also exert influence on our corporate controlling. The focus is on market, economic and selected sector-specific data, the order books of our business units as well as the trend in key commodity prices, especially that of copper. In the Wiring Systems Division, we track, for example, the forecasts for global motor vehicle output and use the close contact with our customers to adjust our own planning to their projections of demand. However, the actual deliveries called forward by the automotive industry in 2010 were much higher in number than planned because of the surprisingly strong demand.

Legal and economic factors

Markets
page 55

Business and underlying conditions
page 61

Various external factors also influence LEONI's business performance. The trend in the most important markets, which recovered unexpectedly quickly in 2010, is of key significance. It is described in detail in the section on business and underlying conditions.

Another significant factor involves **personnel costs** in the countries where we produce. Due to the substantial wage increases in eastern European countries over the past few years, we have increasingly been transferring wiring systems production to North Africa. Reliable legal and political conditions, favourable transport routes as well as low currency risks are crucial to our decisions on choices of location. We are watching the current situation in North Africa very closely. In both Tunisia and Egypt we were very quickly able to largely normalise production after the unrest broke out and to avoid appreciable financial losses (Supplementary report).

Supplementary report
page 104

The prices of commodities, especially of **copper**, also play an important role for LEONI. We largely pass the fluctuation in the price of copper on to our customers based on contractual agreements to this effect, albeit normally after a time lag. The sharp rise in the price of copper boosted LEONI's sales by an additional of € 187.4 million in 2010, but did not exert any appreciable effect on earnings. Energy prices and exchange rate fluctuations again had significant impact during the year under report.

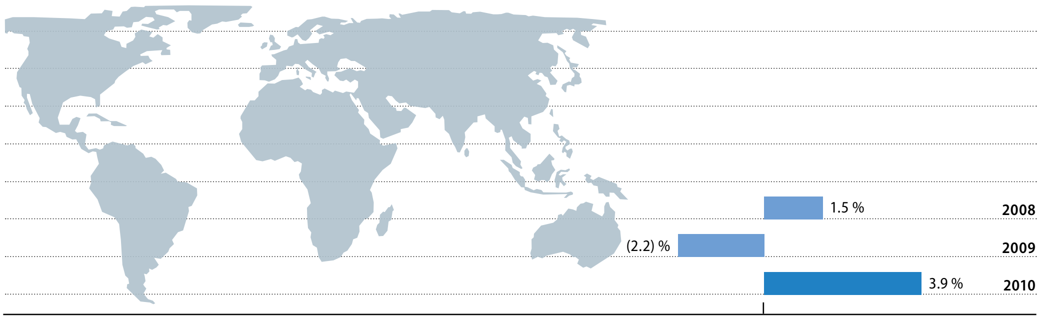
The legal factors that affect LEONI indirectly include, for example, the stricter **CO_2 emission limits** for cars in Europe. They are raising demand from the automotive industry for cables, cable harnesses and wiring systems that are especially lightweight or suited to alternative drive technologies.

Business and underlying conditions

Macroeconomy

The global economy regained its footing surprisingly fast in 2010 after the most serious economic crisis of the post-war period. According to estimates of the International Bank of Reconstruction and Development (World Bank) of January 2011, global growth is likely to have come to 3.9 percent in the past year, as opposed 2.2 percent contraction in the previous year. Massive government economic stimulus programmes and the central banks' ongoing policy of monetary easing partly contributed to this recovery.

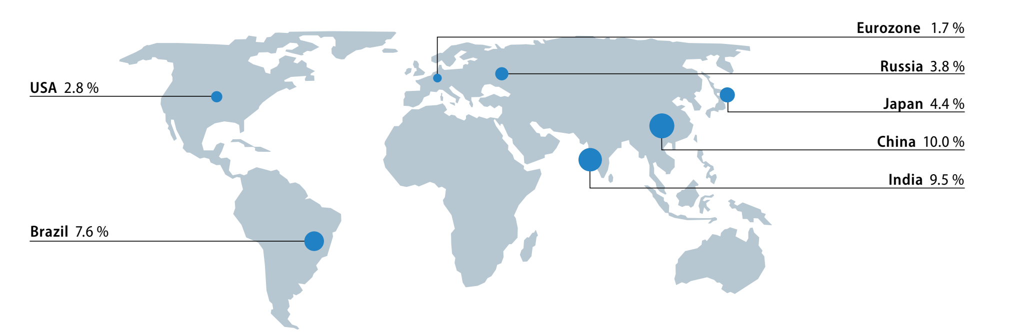
Real development of the worldwide Gross Domestic Product (GDP) Source: World Bank (estimate)



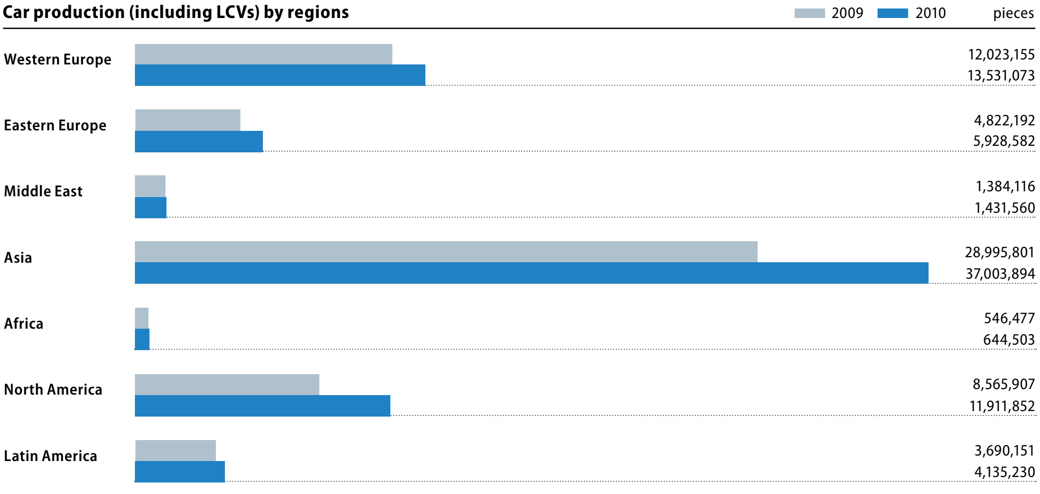
Looked at in regional terms, global growth in 2010 was driven to a considerable extent by the economic momentum in the developing and emerging countries, which succeeded in working their way out of the economic slump especially quickly. China once again set the pace in this respect: according to the World Bank, gross domestic product in this country rose by 10.0 percent in 2010. Also showing great strength, however, are India with 9.5 percent growth and Latin America with a 5.7 percent rise.

By contrast, recovery in the industrialised countries was comparatively modest. The World Bank estimates that gross domestic product rose by 2.8 percent in the United States and by 1.7 percent in the eurozone. Standing out favourably was the trend in Germany, where the Federal Office of Statistics reported 3.6 percent economic growth based on provisional figures. Both domestic spending and exports underpinned this upturn in Germany, with German companies benefiting to a disproportionately large extent from the recovery of demand in the emerging countries thanks to their strong export orientation.

GDP growth 2010 in selected regions Source: World Bank (estimate)



Car production (including LCVs) by regions



Source: IHS Global Insight, 2010: estimate

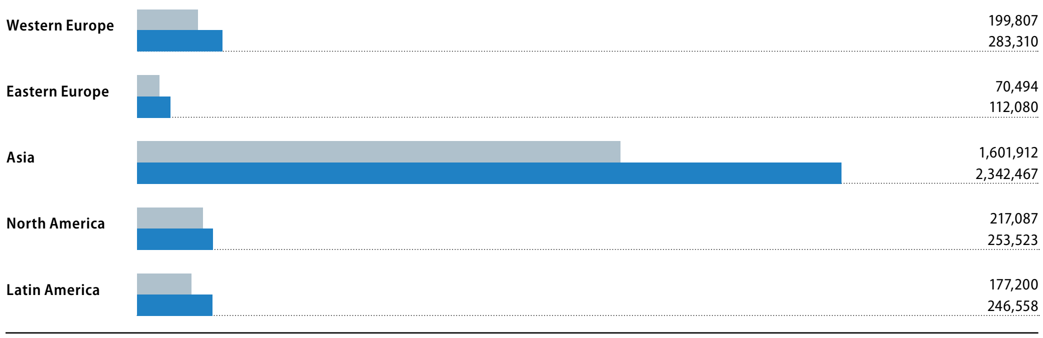
Business by sector

The unexpectedly rapid recovery in the global economy also encompassed the markets of greatest importance to LEONI. The automotive industry was especially early to gain pace. The market research institute IHS Global Insight says that international sales of **passenger cars** and light commercial vehicles (LCV) picked up considerably in 2010. At 71.2 million cars and light commercial vehicles, about 13 percent more units were sold worldwide than in the previous year – driven above all by the strong demand from the BRIC countries and the United States. In China, India and Russia new vehicle registrations increased by about 30 percent and more, while Brazil and the United States each recorded a rise of around 11 percent. The Japanese car market grew by about 7 percent. Fewer cars were sold than in the previous year in Western Europe following the end of numerous government stimulus programmes. Yet the decline, at 5 percent, in the passenger car segment turned out to be smaller than originally assumed. In the EU accession countries, too, sales were down 3 percent year on year.

The international automotive industry stepped up its production significantly again as a consequence of the worldwide improvement in demand. The market research institute IHS Global Insight estimates that, worldwide, 74.6 million passenger cars and light commercial vehicles were manufactured in 2010, which is about 24 percent more than in the previous year. Particularly in Asia and North America, the manufacturers recorded a strong turnaround by producing 28 and 39 percent more cars than in 2009, respectively. In Eastern Europe the growth came to 23 percent; in Western Europe to 13 percent.

Commercial vehicles production in selected regions

2009 2010 pieces



Source: IHS Global Insight, 2010: estimate

Although the **market for heavy trucks** gained pace a little later, it also increased substantially over 2010 as a whole, albeit starting from a significantly reduced level due to the crisis. This involved 17 percent more commercial vehicles registered in Germany in 2010 than in the previous year, with exports rising by a strong 53 percent. Accordingly, output also rose strongly: IHS Global Insight estimates that 43 percent more heavy trucks were manufactured worldwide during the year under report. There was growth in all regions.

The **electrical goods industry** also emerged surprisingly well from the crisis. According to the German Electrical and Electronic Manufacturers' Association (ZVEI), the sector's sales in Germany rose by 14 percent in 2010. Demand was up particularly from foreign markets: China, Southeast Asia and Latin America generated especially large gains. However, two thirds of the exports still go to European countries. The manufacturers of **household and electrical appliances** also registered strong exports: they exported 5 percent more washing machines, dishwashers, stoves and small electrical appliances than in the crisis year of 2009. The domestic market, which was not perceptibly affected by the crisis, still grew by 2 percent.

The **consumer electronics** business also boomed in 2010. A study by the CEA (Consumer Electronics Association) puts the worldwide increase in the sector's sales at 13 percent. Based on estimates of the German Association for Information Technology, Telecommunications and New Media (BITKOM), the German market for **information and communication technology (ICT)** succeeded in turning around: following a decline of nearly 5 percent in the previous year, the sector grew by 1.4 percent overall in 2010.

As expected, the economic recovery took hold in the **capital goods industry** with some time-lag. Business in the mechanical engineering sector was thus still very weak in the first few months of 2010 and only revived in the second half of the year, with demand from export markets picking up significantly more than in Germany. The German Engineering Federation (VDMA) estimates that the output of its member companies rose by about 6 percent over the year as a whole. According to its Spectaris sector association, the export-strong **medical equipment industry** generated 10 percent sales growth in 2010.

The German Federal Solar Energy Association (BSW-Solar) says that the **solar energy sector** also looks back on a successful year. Based on provisional computations, the market roughly doubled in Germany while almost tripling in other key countries like Italy, France, Japan, Australia and the United States.

LEONI – Performance overview

Group key figures

	2010	2009	Change
Consolidated sales	€ 2,955.7 million	€ 2,160.1 million	+ 36.8 %
Consolidated EBIT	€ 130.7 million	€ (116.3) million	—
Adjusted EBIT[1]	€ 154.7 million	€ (35.6) million	—
EBIT / sales (return on sales)	4.4 %	(5.4) %	—
Net income / loss	€ 67.2 million	€ (138.1) million	—
Free cash flow[2]	€ 50.7 million	€ 2.1 million	—
Return on capital employed	13.9 %	(12.0) %	—
Capital expenditure on property, plant and equipment as well as intangible assets	€ 103.1 million	€ 81.8 million	+ 26.0 %
Acquisitions and financial investments	€ 4.3 million	€ 1.4 million	—
Employees (as at 31/12)	55,156	49,822	+ 10.7 %

[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring expenses, impairment of non-current assets, gains on business acquisitions and derivatives relating to business combinations

[2] Free cash flow before dividends, acquisitions and share sale

LEONI used the economic crisis to make itself quicker to respond, leaner and more competitive and to significantly improve its cost position. We were therefore able to benefit considerably from the unexpectedly strong economic recovery in fiscal 2010 and in both divisions to outpace the growth of many of our markets. Consolidated sales rose by about 37 percent to a new record level of € 2.96 billion; earnings before interest and taxes (EBIT) climbed to € 130.7 million and net income was up to € 67.2 million.

All the original targets for the past financial year were clearly exceeded. At the beginning of 2010, we initially projected an increase in consolidated sales to € 2.4 billion and earnings before interest and taxes of at least € 50 million. Given the unexpectedly strong demand in all markets, we already raised our forecasts in July to sales of between € 2.6 and 2.7 billion as well as EBIT of € 100 million, and increased them again in November to sales of € 2.8 billion and EBIT of € 120 million. Even these figures were ultimately exceeded substantially because business particularly with the automotive industry was far better in the fourth quarter than assumed.

Apart from the surprisingly good economy, the reasons for this positive deviation in sales also included the substantially increased price of copper, which accounted for € 187.4 million of the growth. The strong increase in earnings was the result of an improved product mix, due for example to more high-end vehicle equipment, economies of scale thanks to the greater capacity utilisation and benefits from the implemented restructuring measures.

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6809 Filed 09/12/12 Page 68 of 218

Reports by division / Segment report

Wiring Systems Division

Business basis and competitive advantages

The Wiring Systems Division is the European market leader in cable harnesses and wiring systems, and is the fourth largest provider worldwide. The division's **products and services** range from basic cable harnesses to cables for wired sensors through to complete, ready-to-install wiring systems for cars and commercial vehicles. A wiring system comprises all the electrical connection technology of a vehicle as well as all the related components such as fixing and sealing parts, cable conduits, fuse and relay boxes, power distributors as well as electronic control systems parts. The product range also comprises high-voltage cable harnesses for vehicles with alternative drive technology such as electric and hybrid cars.

As a systems provider, LEONI benefits from covering the whole range of activities from design through to series production of wiring systems and related services. The principal competitive advantages comprise cost leadership in Europe, a global production network, worldwide R & D centres that are close to the customer, great power of innovation as well as strong logistics and systems expertise. Our high **vertical range of manufacture** also provides the Wiring Systems Division with a competitive advantage:

Value creation process in the Wiring Systems Division:

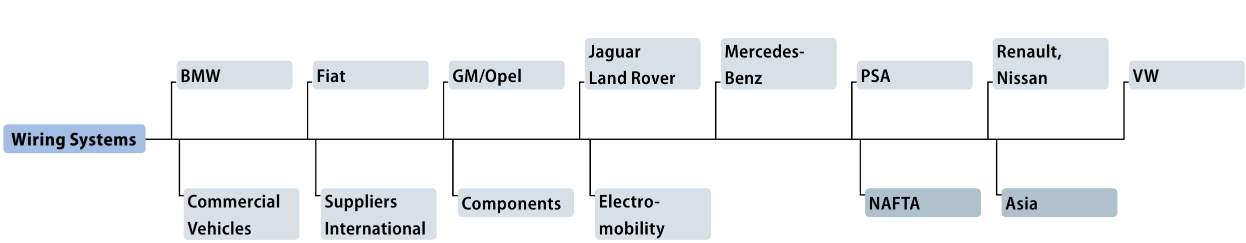
Research and development → Development for series production → Prefabrication of cables and components → Cable harness assembly → Logistics, services and spare parts availability

The Wiring Systems Division is **organised** into 14 business units (➛ LEONI worldwide). These involve eight business units that are responsible for various carmakers, two business areas (regional organisations) focusing on the NATFA area and Asia as well as one business unit (BU) dedicated to each of the commercial vehicle, supplier and component businesses. This organisational structure provides the advantage that each BU is in principle the worldwide contact for a particular customer. In 2010 we also established BU Electromobility (➛ Business Unit Electromobility launched). In addition, we set up a central R & D pool for better resource allocation in development and know-how transfer between projects.

➛ Locations back cover

➛ Business Unit Electromobility launched page 68

Organisation of the Wiring Systems Division as of December 2010



Business Unit Business Area

The **customer base** for wiring systems and cable harnesses comprises mainly multinational carmakers. Here LEONI supplies virtually all manufacturers and vehicle categories from the low-cost, entry-level model to the whole gamut of compact and mid-range cars and up to cars in the premium and luxury segment. In 2010, we succeeded in significantly expanding particularly our business relationships in the premium segment for the Chinese market and the NAFTA area. In addition, makers of commercial vehicles like trucks, agricultural and construction machinery as well as the leading, independent engine manufacturers continue to gain in importance. The automotive component suppliers, which operate worldwide and supply their systems complete with our cable harnesses to the vehicle manufacturers, constitute the third important customer segment. On their behalf LEONI develops and produces, for example, cable harnesses for heating, ventilation and air-conditioning systems as well as for driver assist systems such as vehicle-interval radar, ABS and ESP.

Our wiring systems are developed in tandem with a new vehicle in close collaboration with our customers. To do so we must sometimes commit substantial pre-production spending, which is then amortised via the unit price during the production period of the corresponding vehicle. Here we benefit from our global footprint, our status as a systems supplier and our worldwide R & D centres.

During the year under report, the growth in our **relationships with customers** was positive across all sectors. In the process, we benefited above all from our substantial know-how in development, manufacture and distribution of wiring systems. The high quality and delivery reliability that LEONI was able to maintain even during the crisis further strengthened the foundation of trust and satisfaction of our customers. Our very broad international positioning as well as the large number of vehicle manufacturers and brands supplied not only diminish the exposure to regional market cycles, but also enable us to realise growth opportunities worldwide.

Capital expenditure page 83

Employees page 91

Our global **production network**, from which we supply the assembly plants of our automotive customers in Europe, Asia as well as in North America and South America, was further optimised in 2010 in line with LEONI's strategic direction. Whereas cost optimisation stands in the foreground at our European facilities, we are focusing our activities in the BRIC countries on market development and growth. We set up new production capacity during the period under report in, among other places, North Africa and Asia as well as in Serbia and Russia. These are also the regions where capital investment was concentrated (Capital expenditure). In Portugal a facility was closed, on the other hand. About 95 percent of the Wiring Systems Division's workforce is meanwhile employed in low-wage countries (Employees). Our global network with flexible assembly and logistics processes as well as a high proportion of our output at locations with favourable wage costs provides an important competitive advantage.

The Wiring Systems Division's **main competitors** include Delphi, Sumitomo and Yazaki.

Business performance

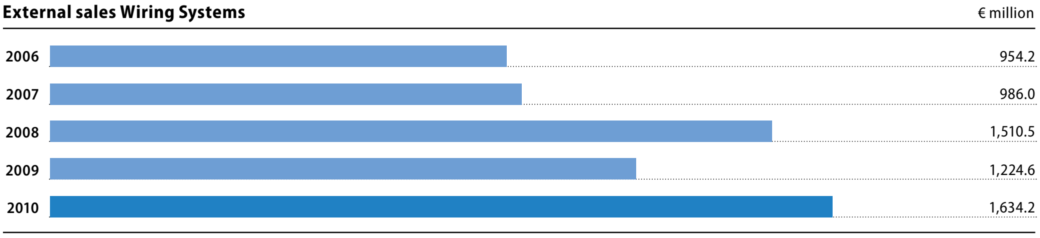
Key figures Wiring Systems

	2010	2009	Change
Group external sales	€ 1,634.2 million	€ 1,224.6 million	+ 33.4 %
Consolidated EBIT	€ 74.3 million	€ (78.5) million	—
Adjusted EBIT[1]	€ 87.0 million	€ (26.8) million	—
EBIT / External sales	4.5 %	(6.4) %	—
Capital expenditure[2]	€ 57.5 million	€ 41.6 million	+ 38.2 %
Employees (as at 31/12)	47,583	42,562	+ 11.8 %

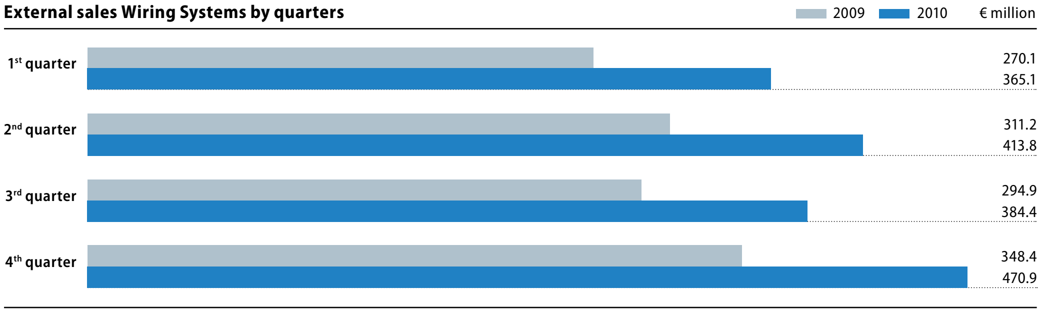
[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring, impairment of non-current assets, gains on business acquisitions and derivatives relating to business combinations
[2] Capital expenditure on property, plant and equipment as well as intangible assets

The Wiring Systems Division benefited more than average in 2010 from the strong recovery of demand in the worldwide motor vehicle industry and increased its **external sales** by more than 33 percent to € 1,634.2 million. We thus succeeded in topping the previous high set in 2008. The business recovery progressed significantly faster than planned and covered all customer groups and regions. Business in **China**, where sales roughly tripled, was especially good. In China LEONI supplies both local and foreign carmakers for instance with cable harnesses and wiring systems for the new models of General Motors' global compact platform, the Mercedes C Class and E Class as well as the Vito and Viano vans.

External sales Wiring Systems



External sales Wiring Systems by quarters



New start-ups reviving car business

The most important sales drivers during the year under report included wiring systems and cable harnesses for customers PSA, Mercedes-Benz, General Motors and BMW. We also recorded strong growth with our customers Jaguar Land Rover and Renault-Nissan. New product start-ups provided further positive impetus. During the year under report we started to supply, among others, the new models of the Mercedes C Class and E Class in China, the BMW 5 Series including its Touring version as well as the VW Sharan, Renault Master, Citroën C4 and GM's Buick Compact Car.

Commercial vehicles take off

The recovery in the commercial vehicle segment, which was severely affected by the crisis, was initially hesitant in 2010, but from the second quarter it then picked up at a surprisingly fast pace so that we recorded an overall increase in sales of about two thirds to these customers. Contributing to this was the exceptionally dynamic demand, compared with the previous year, from Europe and the NAFTA area, especially from such customers as DAF and Cummins. Furthermore, here too the division launched new projects, for example in the agricultural industry.

Plant takeover strengthens market position

Effective 1 April 2010, LEONI took over the production of wiring systems of the AFL/AEES Group in Beius, north-western Romania. Since the beginning of the second quarter we have been supplying cable harnesses from there for the chassis and batteries of two well-known truck manufacturers. The takeover and integration were problem-free despite ongoing production. Given the strong revival in the commercial vehicle business, it also occurred at a strategically favourable time.

First components project for e-vehicles

Our new Business Unit Components more than tripled the amount of its business in 2010. This components business enabled us to further enhance our systems expertise. Along with strong market demand, the unit benefited from on-schedule and rapid ramping up of the corresponding production at our facility in Arad, Romania where we now have a strong production base. The facility started production in the third quarter for the first contract to equip an electric vehicle, involving the electromechanical components for the Chevrolet Volt. We commenced series production towards yearend.

Business Unit Electromobility launched

During the year under report, LEONI set up a new business unit dedicated to the future market of electro-mobility. The corresponding know-how is pooled in this specialised unit. Since 1 June 2010, an expert team in this unit has been developing products specifically for use inside and outside electric vehicles. By pooling expertise in this field, LEONI has strengthened its position as a systems partner for manufacturers of vehicles

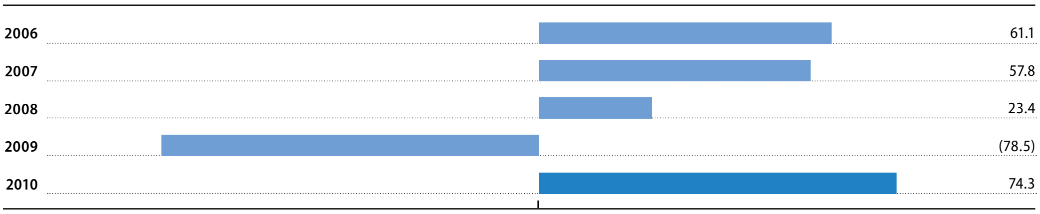
with alternative drive technologies. In 2010, the product range on offer, which previously encompassed high-voltage cables, wiring systems and battery wiring as well as charging cables for electric vehicles, was complemented by high-voltage distribution boxes and assembled charging cable solutions for charging infrastructure. In 2010, LEONI was the first manufacturer to receive the official approval of the German Association for Electrical, Electronic and Information Technologies (VDE) for charging cables and could thus commence deliveries from series production.

Orders for various development and other series production projects were also obtained, involving, among others, the design of a high-voltage battery cable for a manufacturer of vehicle batteries as well as both the high-voltage and low-voltage wiring systems for an e-vehicle and light van with electric drive.

EBIT greatly improved

The substantial increase in sales and the benefits of the cost reduction programme resolutely implemented in 2009 exerted a very favourable effect on the Wiring Systems Division's earnings. Earnings before interest and taxes improved significantly to € 74.3 million (previous year: a loss of € 78.5 million). Adjusted for restructuring as well as the effect of allocating the prices of the key acquisitions, impairment of non-current assets, gains on business acquisitions and derivatives relating to business combinations, earnings rose to € 87.0 million (previous year: a loss of € 26.8 million).

EBIT Wiring Systems € million



New contracts: basis for future growth

During the period under report the Wiring Systems Division obtained numerous new and follow-on orders that will lead to further growth in the years ahead. For example, Renault-Nissan ordered wiring systems from LEONI for a successor model in the low-cost segment as well as for another Renault brand car. Fiat commissioned us to supply wiring systems for a high-volume small car as well as cable harnesses for a new turbodiesel engine that will be fitted to various Fiat and Chrysler models. In the premium segment we recently won a project to supply wiring systems for a SUV (Sports Utility Vehicle) in the Chinese market. From within the European commercial vehicle industry LEONI obtained the contract, among others, for a high-volume truck model and another order for components from the truck manufacturer DAF. In addition, there were numerous new orders from the component supply industry.

Strong demand for cable harnesses from Russia

Furthermore, there were several new orders for our facilities in Russia: the Japanese carmaker Nissan, for instance, ordered wiring systems for a new off-road vehicle, which the company will be manufacturing in St. Petersburg. LEONI was commissioned, furthermore, to supply product for additional Renault-Nissan low-cost models and a PSA compact model in Russia. The capacity of our Russian plants in Gorodets and Naberezhnye Chelny is therefore very well utilised. The workforce in Gorodets was doubled during the year under report because of the strong demand.

LEONI base in the growth market of India

In March 2010, LEONI opened a customer service and development office in Pune, India to step up collaboration with both local and foreign vehicle manufacturers active in that market. The new base has already obtained its first contracts. Among other business, LEONI will take on series production for the complete high-voltage wiring system for the electric version of the small Tata Ace van. The Tata Cummins joint venture ordered cable harnesses for diesel engines from us to be fitted to Tata brand commercial vehicles. More projects will follow. In December 2010, we expanded the activities to include cable harness production, which commenced in early 2011 in the vicinity of Pune.

New Daekyeung plant in China

The strong market growth in China prompted us to set up – together with our South Korean partner – a new plant for our joint venture. The new production facility in Jining, central China was completed in December 2010 and will supply further Asian compact car models of General Motors with wiring systems from 2011.

Wire & Cable Solutions Division

Business basis and competitive advantages

Chart
Core markets Wire & Cable Solutions
page 71

The Wire & Cable Solutions Division commands a leading position in terms of the market and technology in numerous sectors of its five core markets with a wide range of wire and cable products and systems. Its **range of products and services** encompasses wires, strands and optical fibers, standardised cables, special cables and completely assembled systems as well as related services for a wide variety of industrial sectors. LEONI is in this respect focusing on technologically sophisticated products as well as customised solutions for niche markets. Wire and cable solutions for environmentally friendly applications are also growing in importance. We are increasingly presenting ourselves as system suppliers with this broad range. This accumulating **systems and service expertise** improves the market opportunities and competitive position of our company.

LEONI offers its customers in the Wire & Cable Solutions Division products and services from several end-to-end value chains. This high degree of **vertical integration**, the comprehensive portfolio of technology and products as well as the specialised know-how that is passed on from level to level are factors providing us with crucial competitive advantages.

Value creation process Wire & Cable Solutions

Development, Engineering, Design	Wire drawing, fiber drawing	Cable production	Assembly	Logistics, services

Our **organisational structure** was revised in the previous year with five market-oriented Business Groups, namely Automotive Cables, Industry & Healthcare, Communication & Infrastructure, Electrical Appliance Assemblies and Conductors & Copper Solutions as well as the overlapping Business Area China is geared to

the division's target markets. This new organisation set the course for a more transparent structure with simultaneously improved synergies. It also contributes to further underpinning the partnership-like and in many cases long-standing **collaboration with our customers**. In 2010 the number of business units was trimmed from 18 to 16, making the overall structure even leaner.

The overview below shows the division's five **core markets** as well as the **product groups** assigned to the respective **business groups**.

Markets	Business Groups
Automotive & Commercial Vehicles	**Automotive Cables** Cables for ■ Wiring systems ■ Communication / telematics ■ Drive and engine systems ■ Exhaust systems ■ Hybrid and fuel vehicles ■ Safety and driver assistance systems
Industry & Healthcare	**Industry & Healthcare** Cables and cable systems for ■ Machinery ■ Automation and drives ■ Measurement and control technology ■ Robotics ■ Special vehicles ■ Aerospace ■ Telecommunications ■ Medical devices and apparatus ■ Patient monitoring ■ Laser medicine ■ Science (e. g. astrophysics) ■ Sterilisation
Communication & Infrastructure	**Communication & Infrastructure** Cables and cable systems for ■ Civil engineering as well as transport infrastructure • safety and installation cables as well as laying systems ■ Industrial plants and refineries • project specific instrumentation cables and power cables ■ Power generation and distribution • solar, wind and hydro power, nuclear power ■ Rolling stock and marine technologies ■ LAN-cabling Office • copper cables and fiber optics • systems and accessories ■ Telecommunication networks (FTTX)
Electrical Appliances	**Electrical Appliance Assemblies** Cables and cable systems for ■ Small appliances ■ Irons ■ Vacuum cleaners ■ Consumer electronics ■ Washing machines ■ Refrigerators ■ Tools ■ Lighting industry
Wires & Strands	**Conductors & Copper Solutions** Wires and strands for ■ Special cables industry ■ Manufacturers of heating systems ■ Solar- and wind power industry ■ Carbon brushes and switchgear industry ■ Welding, power engineering ■ Machinery

The cost reduction programme launched in the previous year enabled us in the past financial year to achieve further cost savings and thereby to significantly enhance our **competitiveness**. In addition, we introduced measures to raise productivity and optimise production across all units. This also involves review of the existing production network for consolidation potential, optimising our production systems as well as harmonising and standardising our global business processes and IT systems.

Business performance

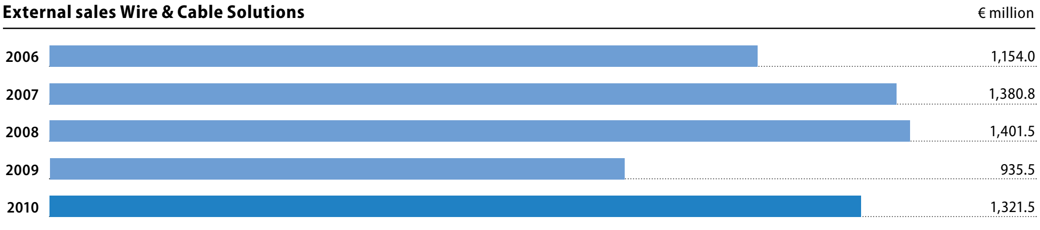
Key figures Wire & Cable Solutions

	2010	2009	Change
External sales	€ 1,321.5 million	€ 935.5 million	+41.3 %
Consolidated EBIT	€ 56.3 million	€ (34.2) million	—
Adjusted EBIT[1]	€ 67.6 million	€ (5.1) million	—
EBIT / External sales	4.3 %	(3.7) %	—
Capital expenditure[2]	€ 43.4 million	€ 37.1 million	+17.0 %
Employees (as at 31/12)	7,406	7,096	+4.4 %

[1] Earnings adjusted for the impact of revaluation as part of allocating the prices of major acquisitions, restructuring, impairment of non-current assets, gains on business acquisitions and derivatives relating to business combinations
[2] Capital expenditure on property, plant and equipment as well as intangible assets

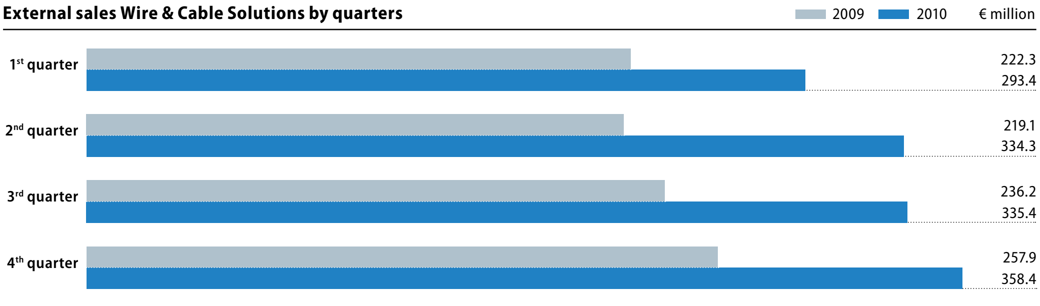
In the Wire & Cable Solutions Division the economic recovery in the course of 2010 exerted a much more beneficial effect than expected among virtually all customer groups. Our capacity was very well utilised at almost all facilities, with many plants operating at the limit of capacity. The division's **external sales** increased strongly in 2010; by about 41 percent to € 1,321.5 million. However, part of this growth – 18.1 percentage points – was attributable to the major year-on-year increase in the price of copper. Adjusted for the impact of the copper price, the business volume would have come to € 1,151.7 million.

External sales Wire & Cable Solutions



Expansion of our business was especially apparent in China, where the sales generated during the period under report rose by about 64 percent to € 159 million. Along with the booming Chinese market, this is also the result of having in 2009 established the new organisational format of a **Business Area China**. This business area, which overarches the business units, coordinates and supports the multifaceted activities of the division's business units in China from its base in Changzhou. At present, LEONI is active in the country mainly in the automotive as well as electrical appliance markets. More business units will follow.

External sales Wire & Cable Solutions by quarters



Performance of the individual business groups:

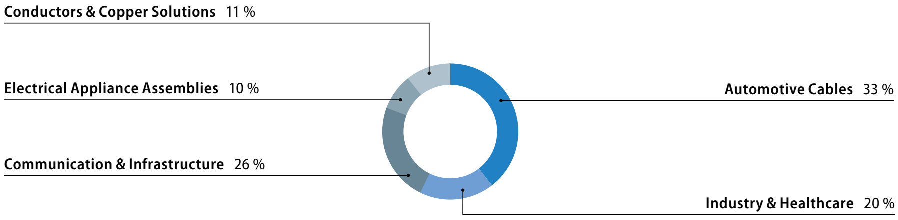
Automotive Cables

The largest Business Group, Automotive Cables, made strong gains in all regions during the year under report and benefited from several favourable factors: First, the demand for standard cables was very high throughout the year, especially so in China. Second, we gained a larger share of the US market. Third, the trend is growing towards more comfort features in cars and therefore the demand for special cables for safety and information systems such as ABS and telematics. For these reasons LEONI invested in capacity expansion in various areas during 2010. In Morocco, a new facility was commissioned to produce single-core automotive cables for this business group to supply the locally-based, multinational cable harness manufacturers. In response to the market share gains in the United States, we also enlarged our capacity in Mexico from where we supply wiring system manufacturers based there. The additional production lines went into operation in late 2010. To meet the growing demand for special cables we also started during the year under report with expanding the capacity to produce these products at our facility in Roth, Germany.

Industry & Healthcare

Our Business Group Industry & Healthcare saw demand rise in 2010 above all for special cables and cable systems for automation and medical technology. The industrial business, especially robotics, and also the fiber optic business are performing well. In the robotics field, LEONI is, for example, working on an interesting project in the US where all the robots for a new Volkswagen Group plant were equipped with dresspack systems by LEONI. In addition, we took on the programming of 150 robots that handle the conventional bodywork tasks at the plant. In the medical technology field, we supplied, among other products, special cables and cable systems for the latest generation of magnetic resonance scanners of our customer Siemens.

Share of sales Business Groups Wire & Cable Solutions



On the other hand, the project involving the aircraft manufacturer Airbus to supply cable harnesses for several aircraft models was terminated in 2010 because it became evident that the targeted profitability could not be achieved over the term of the contract.

Communication & Infrastructure

Business Group Communication & Infrastructure also increased its sale during the year under report, particularly with special cables for the **solar industry**. Various **infrastructure projects** also provided positive impetus. Among other projects, we delivered the first 350 kilometres of power cables for the Gotthard Base Tunnel in Switzerland. This hitherto largest single contract outside the automotive industry will probably be worth sales of € 59 million over its six-year term. In addition, we equipped various airports in the United Arab Emirates, Kazakhstan and Portugal with special cables in 2010.

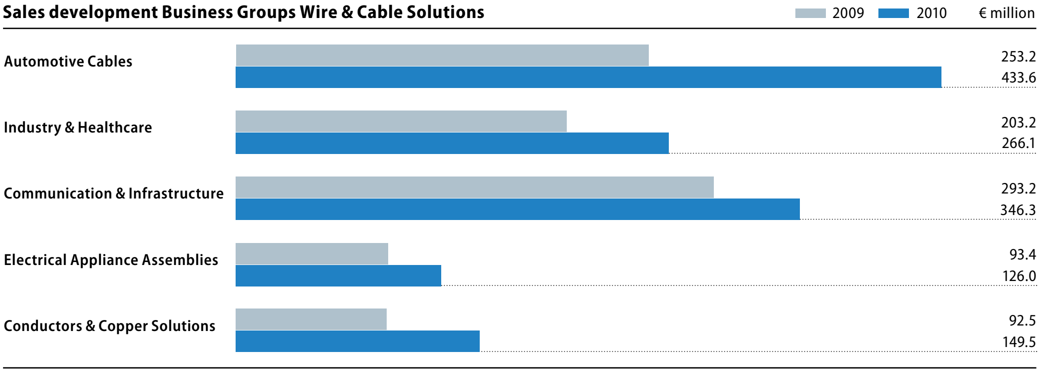
LEONI also obtained further, major new orders from the **railway industry** during the year under report: these included an order for highly complex rolling stock jumper systems and other cables for the new trains of Chinese railway companies. Furthermore, Siemens commissioned us to provide the wiring for its ICE (Intercity Express) successor Velaro D. The order comprised ready assembled high-voltage systems for railcar roof jumpers as well as control and supply cables for lighting, audiovisual information systems as well as interior safety and assistance systems. LEONI has thus succeeded in becoming a supplier to Siemens Mobility for fixed installation bulk cable in the high speed segment. The **large plant business** with the petrochemical industry, on the other hand, revived only hesitantly in 2010.

In the **communication sector**, we supplied, among other things, safety cables for the Al Hamra Tower, at 412 metres the tallest building in Kuwait, and the complete network wiring for Deutsche Börse. We also equipped the headquarters of the ADAC, Germany's leading automobile association, and the Volkswagen Group's computer centre with data cables. In addition, LEONI participated in promising communication network projects; for example in the expansion of Munich's glass fiber network.

Electrical Appliance Assemblies

Thanks to the extensive restructuring measures of recent years, LEONI succeeded in significantly improving the profitability of its business involving cordsets and internal wiring for the household and electrical appliance industry and thereby growing in all regions in 2010. The growth in demand was especially good in China.

Sales development Business Groups Wire & Cable Solutions



This is where a large proportion of the appliances as well as their power cords and cordsets for the European and US markets, which recovered perceptibly in 2010, are made. Encouragingly, however, it was not only production for export that rose in China, but also that to meet domestic demand. LEONI benefited from this not least due to having commissioned its first fully automated plant to manufacture internal device wiring at its local facility. A second line was set up and commissioned by the yearend, with capacity thus having doubled.

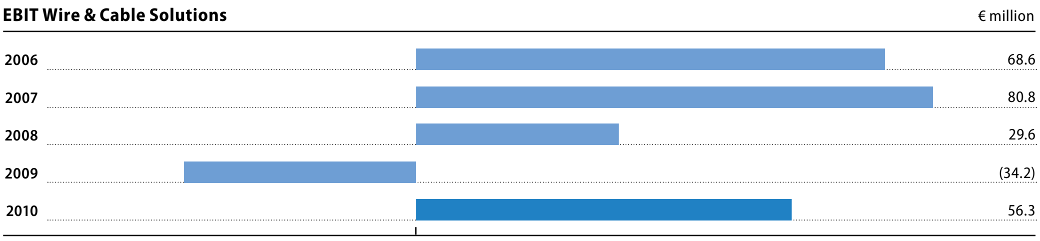
Conductors & Copper Solutions

Sales picked up significantly in the Business Group Conductors & Copper Solutions as well during the period under report. The keys to this were the recovery in the European and US markets as well as the strong demand from the automotive industry. The first sales involved tinned flat wires for solar equipment. These innovative products, which link the individual cells of the solar panels and conduct the generated electrical energy, are made at our facility in Weissenburg, Germany. Given the growing demand, we began in 2010 with further expansion of the production plant.

Earnings performance

The significantly enlarged volume of business, our optimised organisational structure and the positive effects of the 2009 cost reduction programme resulted in a strong improvement in the Wire & Cable Solutions Division's earnings. The result before interest and taxes rose from a loss of € 34.2 million to earnings of € 56.3 million. Adjusted for restructuring expense as well as the effect of allocating the prices of the key acquisitions, impairment of assets and gains on business acquisitions, earnings rose to € 67.6 million (previous year: a loss of € 5.1 million).

EBIT Wire & Cable Solutions



New subsidiary in Japan

In January 2010, we established our subsidiary LEONI Wire & Cable Solutions Japan based in Nagoya. With this regional company we now have another strategic base in the Asian market. The subsidiary's focus will be primarily on the medical technology, robotics, mechanical engineering as well as automation and drive technology businesses.

Innovative technologies: x-ray line

Our Swiss subsidiary LEONI Studer Hard AG in September 2010 commissioned the world's first x-ray sterilisation line, which uses an electronic particle accelerator. The system enables especially efficient sterilisation of materials for medical equipment, decontamination of packaging materials as well as modification of certain materials. LEONI thus has one of the largest sterilisation systems that can treat or sterilise complete pallets with care.

Fiber optic business strengthened

In 2010, LEONI resumed its activity involving acquisitions in strategically promising niche markets and, at the beginning of July, purchased the US company RoMack Inc., which is based in Williamsburg, Virginia and specialises in optical fiber technology. The company is focused on fiber optic system solutions for businesses and institutions in the aerospace, optical analysis, defence technology, medical device and industrial laser sectors. Its integration has in the meantime been successfully completed. The company is now headquartered in Chandler, Arizona, which is known as Optics Valley.

In December 2010 we stepped up our collaboration with euromicron AG, the leading provider of all-in solutions for network infrastructures in the European fiber-to-the-home growth market. LEONI sold its subsidiaries LEONI NBG Fiber Optics GmbH based in Gmünd, Austria and LEONI WCS Benelux B.V. of Amersfoort, Netherlands to euromicron AG. We thereby further underpinned our collaboration in the market for fiber optic conductor-based network infrastructures on the basis of our already successfully established partnership.

Earnings, financial and asset situation

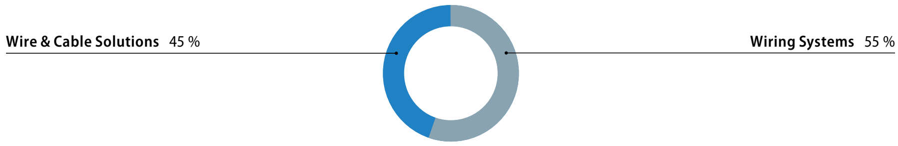
Group sales and earnings

Consolidated sales at a new record level

Against the backdrop of the rapid and strong economy recovery, the LEONI Group's sales rose by nearly 37 percent to € 2,955.7 million in 2010 and thus reached a new **record level**. In so doing, we outpaced market growth in numerous sectors. The volume of business far exceeded planning in both divisions (Segment report), with the Wiring Systems Division accounting for 55 percent of total sales and the Wire & Cable Solutions Division accounting for 45 percent.

Segment report page 65

Consolidated sales by divisions



Overall, the LEONI Group grew by € 599.2 million with its own resources. In addition, the significantly increased price of copper boosted sales by € 187.4 million. Acquisitions provided € 9.0 million. New acquisitions involved, effective 1 July 2010, the optical fiber technology specialist RoMack Inc. based in Williamsburg, Virginia (USA) and, effective 1 April 2010, parts of the wiring systems production of the AFL/AEES Group in Beius, Romania (Segment report).

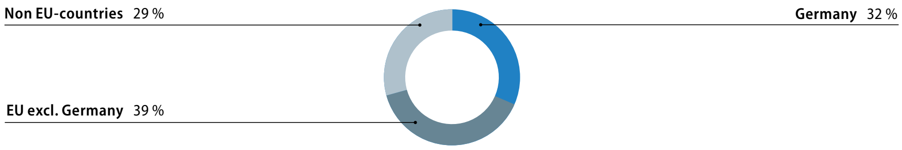
Segment report page 68

The benefit of changes in exchange rates was € 58.4 million. Adjusted for the resulting effects, consolidated sales came to € 2,897.3 million.

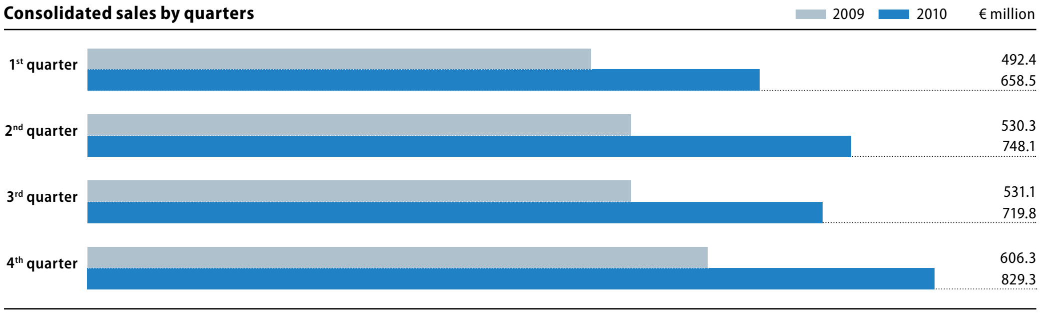
Consolidated sales € million

All **regions** around the world contributed to the strong sales increase: the volume of sales to customers in Germany rose by 26 percent to € 940.3 million, elsewhere in Europe by 29 percent to € 1,168.6 million and in non-EU countries by as much as 66 percent to € 846.8 million. LEONI's growth was especially dynamic in China and Russia, with rates of 102.9 and 82.6 percent, respectively.

Consolidated sales by region



Consolidated sales by quarters



Earnings substantially improved

LEONI's earnings benefited significantly from the expansion of business and the related increase in capacity utilisation. In addition, there were the benefits of the restructuring measures applied.

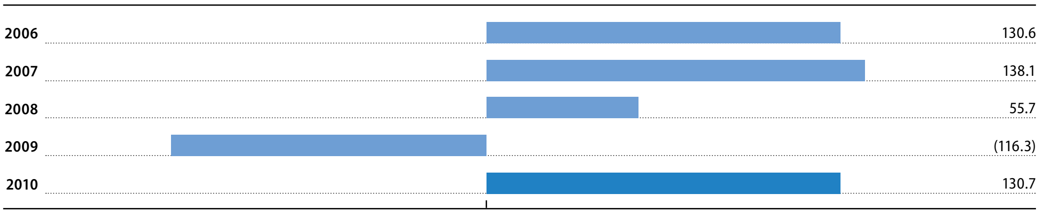
The **cost of sales** increased by nearly 30 percent to € 2,438.1 million in 2010, and therefore by less than the volume of business. The reasons for this development were a disproportionately smaller rise in personnel costs, reduced structural costs and lower depreciation. Gross profit on sales consequently grew by nearly 87 percent to € 517.5 million, which works out to a **gross margin** of 17.5 percent, up from 12.8 percent in the crisis year of 2009.

In the items comprising selling and administrative expenses, the implemented restructuring resulted in a proportionately far smaller increase in personnel expenses. Although higher expenses due to the increase in business volume, for example for freight, offset this in terms of **selling costs**, they nevertheless rose less substantially than sales, namely by 11 percent to € 160.5 million. Administrative expenses rose by about 16 percent to € 144.3 million. **Spending on research & development**, which we kept going even during the crisis, was up by about 7 percent to € 75.9 million.

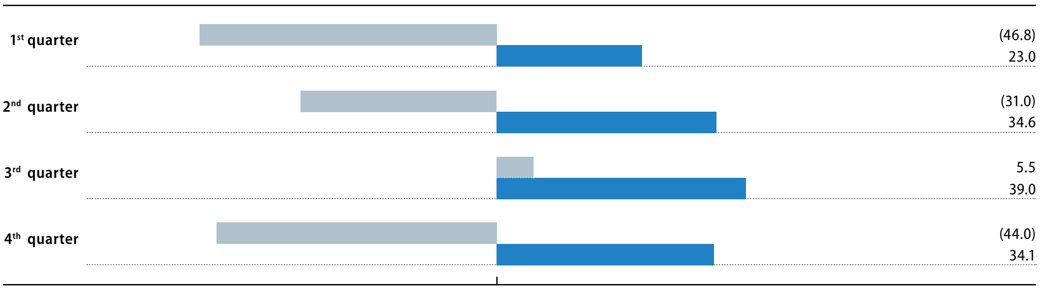
There was a significant reduction in **other operating expenses**, which contracted by 57 percent year on year to € 27.7 million. The main reason for this involved substantially smaller restructuring costs in the amount of € 15.0 million (previous year: € 56.0 million), which primarily concerned three German facilities in 2010. Furthermore, the other operating expenses also included goodwill impairments amounting to € 4.7 million (previous year: € 2.8 million), which concerned two cash-generating units in the Wire & Cable Solutions Division. The increase in **other operating income** to € 20.7 million (previous year: € 11.9 million) stemmed, among other factors, from lower restructuring expenditure than in the corresponding provisions as well as the income from selling materials and scrap at facilities that were closed as part of the restructuring.

Overall, **consolidated EBITDA** (earnings before interest, taxes and depreciation/amortisation) improved from a loss in the previous year of € 4.9 million to earnings of € 241.0 million in 2010. After deducting depreciation and amortisation, which amounted to € 110.3 million (previous year: € 111.5 million), **consolidated EBIT** (earnings before interest and taxes) rose to € 130.7 million, whereas the Company still had to report a negative figure of € 116.3 million in the previous year. Adjusted EBIT rose from a negative figure of € 35.6 million to earnings of € 154.7 million. Apart from restructuring, the principle adjustment items included the impact of revaluation as part of allocating the prices of major acquisitions, impairment of non-current assets, gains on business acquisitions and derivatives relating to business combinations.

Consolidated EBIT € million



Consolidated EBIT by quarters 2009 2010 € million



The **financial result**, which comprises finance costs, finance income and other investment income, came to a negative figure similar to the previous year's at € 41.1 million in 2010 (previous year: € 41.0 million). Although the reduced net debt lowered interest expenses during the year under report, interest income was also somewhat smaller because of the lower level of interest rates. Overall, the **result before taxes** improved from a loss of € 157.3 million to earnings of € 89.6 million.

Of this, an amount of € 22.4 million had to be paid in taxes, whereas in the crisis year of 2009 the Company still recorded tax income of € 19.2 million. As expected, this put the tax rate back to the pre-crisis level of about 25 percent. Further information on the subject of tax can be found in the Notes. On the bottom line, the LEONI Group generated **net income** of € 67.2 million in 2010. In the previous year the Group incurred a net loss of € 138.1 million.

Notes page 156

Financial situation

Finance strategy and financial management

LEONI AG's strategy is focused on a **solid, balanced finance structure**. This is intended to help us regain our status as a company with an 'investment grade' rating as quickly as possible and to maintain its strong acceptance both on the capital market and among banks as well as suppliers. LEONI covers its long-term funding requirement via the capital market. We obtain short-term finance via credit lines from our core banks. Growth is normally funded from net cash flow. Furthermore, we shall in the future take special care that material expansion surges are backed to an appropriate extent by equity.

The LEONI Group's financial management is based at the LEONI AG holding company headquarters. Based on ascertaining the capital requirement at the corporate level, this is where the necessary financing measures are taken for the entire group of companies. In exceptional cases we transact regional, special finance deals. The most important **objectives of financial management** include safeguarding the Group's liquidity worldwide, optimising finance costs and income as well as controlling and minimising currency and exchange rate risks. We use a wide range of financial instruments to keep our exposure to individual markets or instruments as low as possible, and pursue long-term collaboration with international banks that is based on mutual trust. Group subsidiaries are financed mostly in their functional currency. The principal liabilities are denominated in euros, US dollars and, among our Chinese subsidiaries, in yuan.

Our **liquidity management** is conducted, among other things, via a cash pooling system with pools in the home countries of the currencies of most importance to the Group. Furthermore, LEONI AG executes the majority of the payments for the Group.

LEONI AG uses **capital market instruments** such as bonds and borrower's note loans at the corporate level for the whole Group and obtains credit lines in sufficient amounts in order to be able to safely meet all its financial obligations at any time. On the balance sheet date there were short and medium-term credit lines from banks amounting to € 316.5 million (previous year: € 306.0 million) with terms up to 27 months, of which € 26.8 million were utilised at short term on the reporting date (previous year: € 29.4 million).

The instruments of **leasing and factoring**, which we use to improve the liquidity structure, are also managed at head office. At the end of 2010, factoring reduced trade receivables by the amount of € 92.4 million (previous year: € 63.3 million).

Interest rate risks on borrowed funds are hedged with underlying instruments such as **caps, swaps and collars**. As at 31 December 2010 the nominal amount of existing interest rate swaps was € 126.0 million (previous year: € 125.5 million) and the amount of collars was € 136.0 million as in the previous year.

To minimise the impact of exchange rate variation on consolidated earnings, foreign currency items are netted within the Group. For the other amounts we make use of **currency hedging transactions**; mostly in pounds sterling, Mexican pesos, Polish zloty, Swiss francs, Romanian leu and US dollars. At the end of 2010, they totalled € 442.7 million versus € 252.4 million on the same closing day one year earlier. Further information on interest rate and currency risks is contained in the Notes.

Notes
page 182 f

Solid long-term finance

Our long-term finance is assured through to 2013 due to the strategic financing measures put in place in the years from 2006 to 2009. There was consequently no significant need to change our finance structure during the year under report. In June 2010, we took on a variable-rate **borrower's note loan** with a total nominal amount of € 20.0 million on favourable market terms, which provided the Group with € 19.9 million. The table below provides an overview of the financing instruments used:

Finance structure

Long-term finance	Amount (in € million)	Placed (year)	Term (to year)
Bond	200	2006	matures 2013
Borrower's note loan	160 90	2008 2008	matures 2013 matures 2015
Borrower's note loan	20	2009	Annual repayment of € 5 million until 2014
Borrower's note loan	20	2010	€ 5 million in 2013 € 10 million in 2014 € 5 million in 2015
Bilateral loans	111	≤ 2008	€ 100 million until 2012
Total	**601**		

Cost of capital

The weighted average cost of capital (WACC) for the LEONI Group amounted to 8.0 percent at the end of 2010, up from 6.2 percent in the previous year. The increase resulted in particular from the changed ratio of equity to debt: due to the substantial rise in market capitalisation, the weighting of the higher interest on equity increased from about 40 percent to nearly 58 percent.

Cost of capital

	2010	2009
Risk-free interest	3.42 %	4.11 %
Market risk premium	5.00 %	5.00 %
Beta factor	1.57	1.20
Cost of equity after tax	**11.27 %**	**10.11 %**
Borrowing costs before tax	4.79 %	4.81 %
Tax rate (25 %)	1.20 %	1.20 %
Borrowing costs after tax	**3.59 %**	**3.61 %**
Equity proportion	57.67 %	39.82 %
Proportion of borrowed funds	42.33 %	60.18 %
Cost of capital after taxes (WACC)	**8.02 %**	**6.20 %**

Positive free cash flow improves net debt

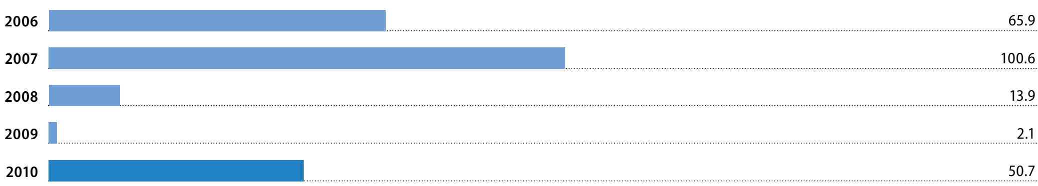
Against the backdrop of the good business performance, Group-wide free cash flow (before dividends, acquisitions and sale of shares) rose to € 50.7 million in 2010 as opposed to € 2.1 million in the previous year. Net financial liabilities were thereby reduced from € 495.4 million to € 444.6 million during the year under report.

Calculation of free cash flow € million

	2010	2009
Net income / loss	67.2	(138.1)
Write-downs / impairment cost	115.1	121.6
Change in working capital	(53.8)	116.2
Other	13.8	(10.9)
Cash provided by operating activities	142.3	88.8
Cash used for capital spending activities excl. acquisitions	(91.6)	(86.7)
Free cash flow*	**50.7**	**2.1**

* before dividends, acquisitions and stock purchase/sale

Free cash flow* € million



* before dividends, acquisitions and stock purchase/sale

Net financial liabilities

in € million	2010	2009	Change
Cash and cash equivalents	**194.2**	**141.1**	**53.1**
Current financial liabilities	**(49.0)**	**(56.9)**	**7.9**
Non-current financial liabilities	**(589.8)**	**(579.6)**	**(10.2)**
Net financial position	**(444.6)**	**(495.4)**	**50.8**

Statement of cash flows

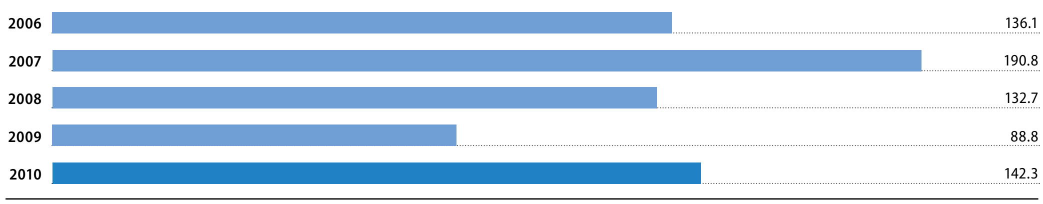
The LEONI Group recorded **cash provided by operating activities** of € 142.3 million in 2010, up from € 88.8 million in the previous year. This increase was due primarily to the significant improvement in the result from a loss of € 138.1 million to earnings of € 67.2 million. The beneficial effect was only partially offset by a significantly below-par increase in working capital, larger tax payments as well as considerable spending on use of restructuring provisions formed in 2009. This was a positive reflection of our resolute working capital management.

The **cash used by capital spending activities** amounted to a loss of € 95.5 million as opposed to a loss of € 87.0 million in the previous year. This underscores the fact that that we stepped up the pace of our capital investment somewhat again in 2010, having on the whole been more cautious in 2009 given the global economic crisis.

Financing activities provided the LEONI Group with cash totalling € 2.1 million. The payments received from borrowing in the amount of € 38.5 million include a borrower's note loan in a nominal amount of € 20 million, which was successfully placed in June 2010. This inflow was offset by principal payments of € 36.2 million. Unlike in the preceding years, there was no dividend in 2010 because of the fiscal 2009 net loss.

Taking all payment transactions into account, the Group recorded an increase in cash and cash equivalents of € 48.8 million for the 2010 financial year. In addition, there were exchange rate-related changes in cash and cash equivalents of € 4.3 million, so that we had a cash position of € 194.2 million at the end of December, up from € 141.1 million one year earlier.

Operating cash flow € million



Consolidated statement of cash flows (abridged version) € million

	2010	2009
Cash provided by operating activities	142.3	88.8
Cash used for capital spending activities	(95.5)	(87.0)
Cash provided by financing activities	2.1	4.4
Increase in cash and cash equivalents	48.8	6.2
Cash and cash equivalents on 31/12	194.2	141.1

Capital expenditure

In the wake of the rapid economic recovery, we expanded our investment programme significantly during the year under report. Overall, the LEONI Group's capital investment rose from € 83.2 million to € 107.4 million in 2010. Of this, intangible assets as well as property, plant and equipment accounted for € 103.1 million, up from € 81.8 million in the previous year. € 4.3 million (previous year: € 1.5 million) was spent on investments and acquisitions, involving mainly the purchase of parts of the wiring systems production in Romania and acquisition of a specialist fiber optic business in the United States. Details of this are to be found in the Segment report and in the Notes.

Segment report page 65

Notes page 151 f

The **Wiring Systems** Division raised its spending on property, plant and equipment as well as on intangible assets from € 41.6 million to € 57.5 million in 2010. This was aimed at capacity expansion and preparations for various new product start-ups: for example, production began during the year under report of wiring systems for the new VW Sharan, the Mercedes E-Class and C-Class in China as well as for the BMW 5 Series. The division also invested in the commercial vehicle business. The regional focus was on China, Morocco, Mexico, Russia, Serbia and Tunisia as well as the new facility in Pune, India – i.e. either in important growth markets or in regions with favourable wage costs.

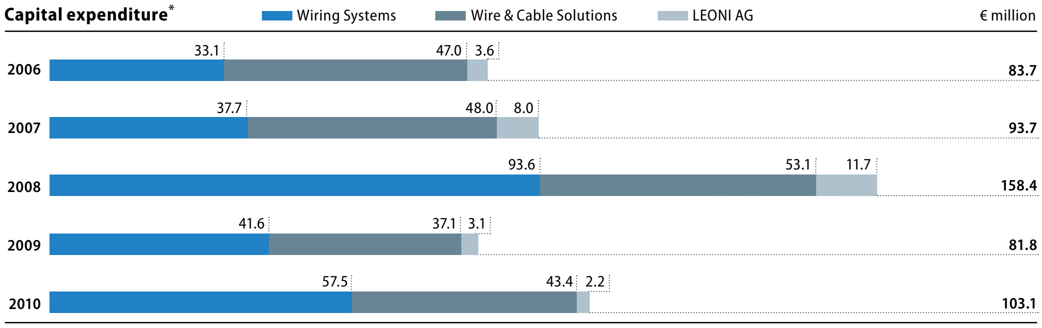
Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6828 Filed 09/12/12 Page 87 of 218

The **Wire & Cable Solutions** Division spent € 43.3 million (previous year: € 37.1 million) on property, plant and equipment as well as intangible assets. Among other things, we expanded production capacity for standard cables in Poland and Mexico for the automotive sector. We also built a new production facility in Morocco. Based on the growing demand for special automotive cables, we also began enlarging the corresponding production capacity in Germany and with setting up new capacity in China and Mexico. In China there was a further focal point involving extension of the plant to produce household appliance cables. We invested, furthermore, in additional plant to produce solar flat wires in Germany as well as solar and rail engineering cables at our Swiss facility. Here we also completed a new kind of x-ray line to sterilise medical products and to treat other materials during the year under report. The Segment report contains further information on the key projects.

Segment report page 65

The holding company invested € 2.2 million during the period under report, down from € 3.1 million in the previous year.

Capital expenditure*



* without acquisitions and investments

Asset situation

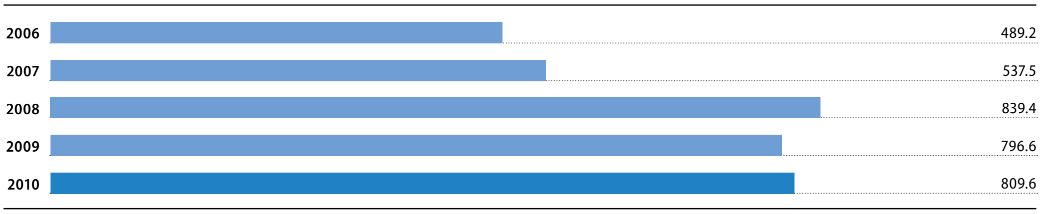
Equity base improved by 30 percent

The dynamic increase in LEONI's business volume is also reflected in the changed asset situation: Overall, the consolidated statement of financial position at as 31 December 2010 was up 15 percent year on year to € 2,017.4 million.

On the asset side, this enlargement was in large part due to **current assets** with growth of about 29 percent to € 1,086.3 million. Inventories rose at an especially strong rate of about 37 percent to € 402.0 million. Along with significant increases in the prices of raw materials, this reflects the fact that production was running at full capacity even towards yearend when it would normally slow down. By contrast, the increase in trade receivables and other financial assets was a comparatively moderate one of about 20 percent to € 404.8 million. This smaller rise in proportion to business volume was the result above all of our resolute receivables management. Other current assets rose from € 60.1 million to € 77.8 million because claims for input tax (VAT) also increased considerably in the wake of the good business performance. There was a year-on-year increase in cash and cash equivalents from € 141.1 million to € 194.2 million.

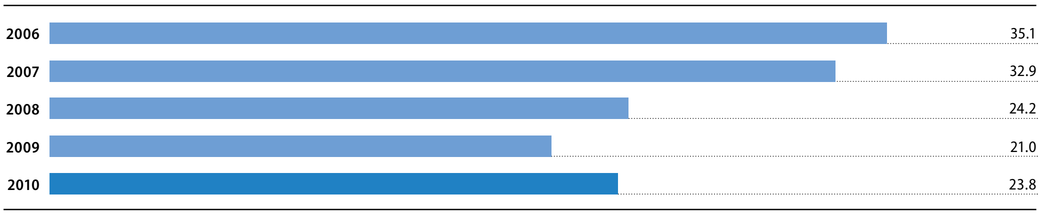
Total **non-current assets** were up from € 910.9 million to € 931.1 million. Here the most significant item, property, plant and equipment, increased by nearly 6 percent to € 585.6 million due to the stepped-up capital investment. Overall, the amount of goodwill was roughly unchanged at € 150.8 million (previous year: € 150.0 million). Write-downs resulting from impairment tests applied to two cash-generating units of the Wire & Cable Solutions Division were offset by acquisition-related additions and currency-related changes. There was a decrease from € 92.4 million to € 73.2 million in intangible assets. Write-downs on customer relationships obtained as part of acquisitions played a principal role in this respect.

Property, plant and equipment, intangible assets, Goodwill € million



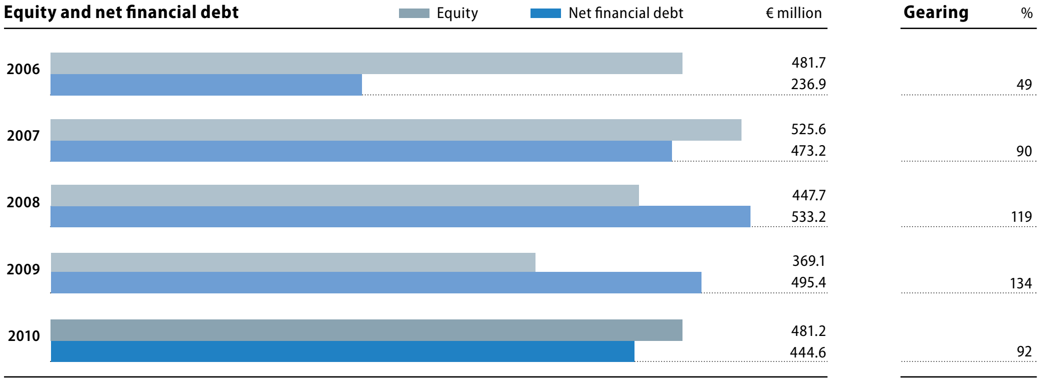
On the liabilities side of the consolidated statement of financial position the substantial increase in **equity** of more than 30 percent to € 481.2 million was the key factor. This is due primarily to the improvement in earnings, which led to a larger amount of retained earnings of € 237.7 million as opposed to € 170.6 million one year earlier. In addition, there was a substantial improvement in accumulated other income/loss from a loss of € 14.1 million to income of € 30.8 million. Of this, cumulative translation adjustments accounted for an increase of € 41.3 million, recognition of securities at fair value for a drop of € 0.1 million and cash flow hedges for a decrease of € 10.4 million. The equity ratio as at 31 December 2010 improved from 21.0 percent to 23.8 percent.

Equity ratio %



There was likewise a considerable increase – of about 19 percent to € 791.5 million – in **current liabilities**. This was due in particular to trade liabilities, which were up nearly 33 percent to € 533.8 million because of the dynamic business performance. Short-term provisions, on the other hand, were down from € 74.2 million to € 53.7 million. The principal reason for this was the use of restructuring provisions made in 2009, which resulted in corresponding payments in 2010. Current financial liabilities also decreased, from € 56.9 million to € 49.0 million, due to on-schedule principal payments.

Equity and net financial debt



Asset and capital breakdown

€ million	31/12/2010	31/12/2009
Current assets	1,086.3	844.1
Non-current assets	931.1	910.9
Assets	2,017.4	1,755.0
Current liabilities	791.5	664.0
Non-current liabilities	744.7	721.9
Equity	481.2	369.1
Total equity and liabilities	2,017.4	1,755.0

At € 589.8 million, **non-current financial liabilities** were virtually unchanged from the previous year's € 579.6 million. Here reclassification from non-current to current financial liabilities due to shorter maturities offset the placement of a borrower's note loan in the nominal amount of € 20 million.

Financial situation
page 82

Net financial liabilities amounted to € 444.6 million at yearend (previous year: € 495.4 million). Further information on this can be found in the section on the Financial situation. The ratio of net debt to equity (gearing) stood at 92 percent, down from 134 percent in the previous year.

General statement on the economic situation

The LEONI Group performed far better than expected in 2010. Its **earnings situation** recovered rapidly and strongly after the difficult conditions in the previous year. The successful cost optimisation measures meant that LEONI was able to position itself better after the economic crisis than before and that it benefited considerably from the surprisingly fast macroeconomic upturn. The 37 percent increase in sales and the good consolidated earnings of € 67.2 million form the basis for the proposal to pay a dividend again for the past financial year. In line with our **dividend policy** of paying out about one third of net income to shareholders, we propose a dividend of € 0.70 per share.

The **financial and asset situation** also improved as a result of the encouraging business performance. Free cash flow rose to € 50.7 million thanks to the positive result and resolute working capital management. This made it possible to reduce net financial liabilities significantly to € 444.6 million. Equity increased to € 481.2 million at the same time, meaning that net financial liabilities are now back below the amount of equity.

Disclosures pursuant to Art. 315 (4) of the German Commercial Code

Composition of the share capital: The share capital in LEONI AG amounts to € 29.7 million and is divided into 29.7 million registered shares. All shares are subject to the same rights and obligations. Each share provides one vote at the Annual General Meeting and is key to the shareholders' share of the profit.

Constraints concerning the voting rights or the transfer of shares: We are not aware of any constraints affecting voting rights. Transfer constraints exist in so far as shares that members of the management and executives receive or have received in the context of a long-term incentive programme are subject to a holding period. With respect to LEONI AG, Article 67 (2) sentence 1 of the German Public Companies Act defines as shareholders only those persons or entities entered in the share register. Article 4 (3) of the Articles of Association prohibits the entry of entitlements in the share register in the own name of a person or entity for shares that belong to another (entry as nominee holder rather than as proprietary holder). Entry into the share register in conformity with the Articles of Association is, among other aspects, crucial to participation in and exercise of voting rights at Annual General Meetings.

LEONI AG is not aware of **any shareholdings, either direct or indirect, that exceed 10 percent of the voting rights.**

Nor are there **any shares with special entitlements that grant control rights.**

The control of voting rights in the case of shareholdings of employees who do not directly exercise their control rights: So far as employees are shareholders, they are entitled to directly exercise the control rights associated with their shares in accordance with the Articles of Association and the law.

Statutory provisions and rules in the Articles of Association on the appointment and recall of members of the Management Board and on changes to the Articles of Association: The appointment and recall of Management Board members is governed by Articles 84 and 85 of the German Public Companies Act as well as in Article 31 of Germany's Co-determination Act. Accordingly, the Supervisory Board appoints members to the Management Board for a maximum of five years. Pursuant to Article 5 (1) of the Articles of Association, the Management Board has at least two members. Furthermore, pursuant to Article 5 (2) of the Articles of Association, the Supervisory Board appoints the Management Board members and determines their number. It is entitled to appoint deputy members of the Management Board as well as a chairman and a deputy chairman of the Management Board. Article 179 of the Public Companies Act stipulates that amendments to the

Articles of Association require a shareholder resolution at the Annual General Meeting. Article 16 (3) of the Articles of Association stipulates that a simple majority of votes and a simple majority of shares suffices for any amendment to said Articles of Association unless bindingly provided otherwise by law or by the Articles of Association. Pursuant to Article 19 of the Articles of Association, the Supervisory Board is entitled to adopt amendments and additions to the Articles of Association that pertain only to the version. Furthermore, the Supervisory Board is authorised pursuant to Art. 4 (5) subsection 4 of the Articles of Association to amend the version of the Articles of Association in line with exercise of an increase in share capital by utilisation of authorised capital after expiry of the term of authorisation. Article 4 (6) subsection 2 of the Articles of Association also entitles the Board to amend the Articles of Association in line with the respective utilisation of the contingent capital. The same shall apply in the event of non-utilisation of the authorisation to issue convertible bonds and/or warrant-linked bonds following the expiry of the authorisation period and in the event of the non-utilisation of the contingent capital I following the expiry of all conversion and/or option periods.

Powers of the Management Board to issue or buy back shares:
Purchase of the Company's own shares – The Annual General Meeting on 6 May 2010 entitled the Management Board of LEONI AG pursuant to Article 71 (1) section 8 of the Public Companies Act to acquire shares in the Company with a notional stake in the current share capital of up to 10 percent until 5 May 2015. The purchase may also take place through group companies that are dependent on the Company, or by third parties on their or the latter's account. Such a purchase may be transacted via the stock market or by means of a public offer to all shareholders. The Management Board is authorised in accordance with the aforementioned resolution to use the Company shares acquired on the basis of this or a previous authorisation for all legally permitted purposes, including in particular those stated in the authorisation. The statutory right of shareholders to subscribe to own shares shall be excluded insofar as the shares are used in accordance with the purposes specified in the authorisation.

Authorised capital – Furthermore, the Management Board is authorised pursuant to Article 4 (5) of the Articles of Association to increase the share capital in the period up to 2 May 2011 and with the approval of the Supervisory Board once or in partial amounts by up to € 14.85 million by issuing new shares on a cash or non-cash basis. Shareholders must be granted a right to subscribe. However, the Annual General Meeting entitled the Management Board, with the approval of the Supervisory Board, to rule out shareholders' subscription rights in cases specified in Article 4 (5) of the Articles of Association.

Contingent capital – Furthermore, the Annual General Meeting on 6 May 2010 authorised the Management Board to issue convertible bonds and/or warrant-linked bonds until 5 May 2015. This involved a contingent increase in share capital by up to € 14.85 million (Art. 4 (6) of the Articles of Association). The contingent capital increase is only to be performed to the extent that conversion and/or option rights have been used or that the holders and/or creditors obliged to convert have met their conversion obligation and provided that no cash settlement has been granted or Company shares or new shares from the use of approved capital are used for the exercise of rights.

Agreements of the Company that are conditional upon a change of control as a result of a takeover bid: In the event of a change of control as a result of a takeover bid, the corporate bond issued in 2006 in the amount of € 200 million, the borrower's note loans issued in 2008 in the total amount of € 250 million, the borrower's note loan placed in 2009 in the amount of € 25 million, the borrower's note loan issued in 2010 in the amount of € 20 million as well as other loan agreements may be called in immediately. Furthermore, in such an event some of the major customers, suppliers as well as other joint venture partners also have the right to terminate contractual agreements with the Company prematurely.

LEONI AG agreements for the event of a takeover bid that would provide members of the Management Board or staff with compensation: The service contracts of the Management Board members include a change-of-control clause. Each Management Board member is thereby entitled, in the event of a change of control, to extraordinary termination as well as to a settlement claim within three months. The settlement comprises the balance of annual compensation to the end of the term of the contract and is, in accordance with Section 4.2.3 (4) and (5) of the German Corporate Governance Code, limited to a maximum three years' compensation, or, if the remaining contract period is less than three years, to the sum outstanding for such remaining period. The annual compensation comprises the fixed annual salary and 80 percent of the maximum attainable bonus.

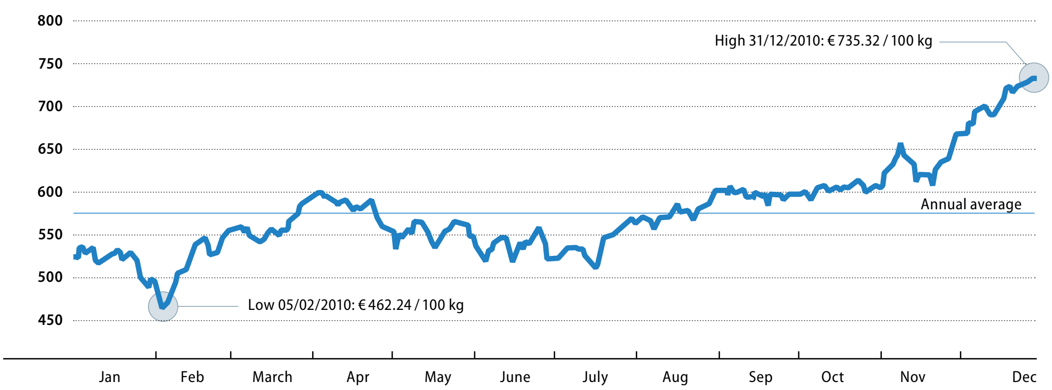
Other performance indicators

Procurement

Group-wide, the cost of materials rose from € 1,260.1 million in 2009 to € 1,738.4 million in 2010. Of this figure, € 808.0 million pertained to the Wiring Systems Division and € 930.4 million to the Wire & Cable Solutions Division.

Copper price up by an average of 50 percent in 2010
The sharp, worldwide increase in demand for raw materials affected LEONI's procurement activity during the year under report. As a consequence, numerous metals and plastics involved shorter supply and higher prices. The price of **copper**, which the Wire & Cable Solutions Division requires to make wires and cables, was up 40 percent as at the reporting date. We source copper from large suppliers, with the price geared to that quoted on the London Metal Exchange. In 2010, the price of copper peaked at € 7.35 per kg at the end of December and recorded its lowest level of € 4.62 per kg in February. On average in the past financial year, a kilogramme of copper cost € 5.75, i.e. 54 percent more than in the previous year. Other metals of importance to LEONI, such as nickel, silver and tin, also rose in price: the price of silver and tin more than doubled in the course of the year.

Development of copper price (low DEL price 2010) € / 100 kg



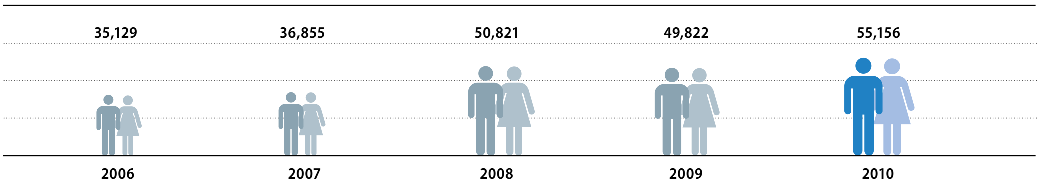
Shorter supply of plastics
After the metals, and similar to the previous year, **standard plastics** such as polyvinylchloride and polyethylene, **special insulation materials** such as polyurethane, thermoplastic elastomers and fluoropolymers as well as plasticisers to produce PVC compounds accounted for the largest proportion of the cost of materials. In 2010 there was excess demand worldwide for both standard plastics and special insulation materials. The reason for this was that, despite the surprisingly strong pick-up in the economy, the chemicals industry initially did not increase the capacity again that it had cut back in the crisis year of 2009. Thanks to its **strategic procurement management** with systematic supplier monitoring and a well functioning global network of suppliers, the Wire & Cable Solutions Division was not affected by the bottlenecks in the market. However,

the prices of commodities such as polyvinylchloride, polyethylene and plasticisers rose continuously over the year because of the excess demand and in some cases sharply more expensive input products. In the case of special insulation materials, LEONI was able to prevent price increases in the past financial year because of existing contracts.

The Wiring Systems Division buys the majority of cables and conductors it uses within the Company from the Wire & Cable Solutions Division. However, **components** such as contacting systems and fastenings as well as plastic and rubber moulded parts are purchased mainly from outside sources. Our customers in the automotive industry frequently determine our suppliers of such products when awarding the contract. During the year under report the abrupt and sharp increase in demand worldwide led to bottlenecks throughout the supply chain. Escalating shortage of and corresponding price increases in raw materials aggravated the situation. Thanks to our **worldwide, strategic procurement activity** and close, constructive collaboration with our suppliers, we managed to largely avoid price increases during the year under report.

Employees

Group employees as of 31 December 2010

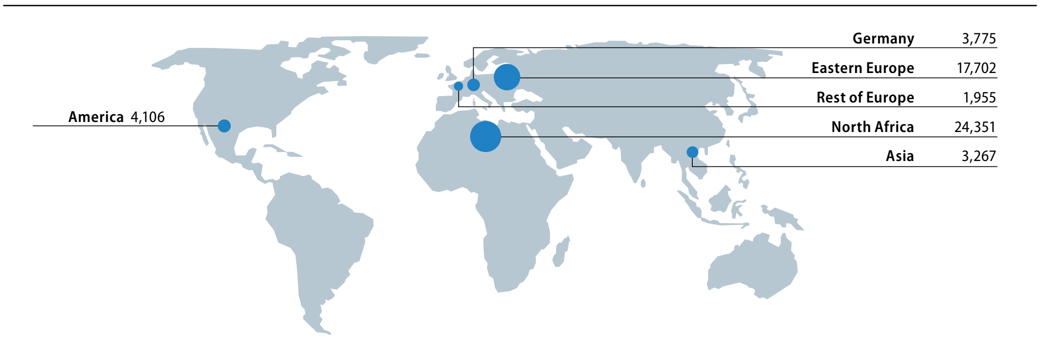


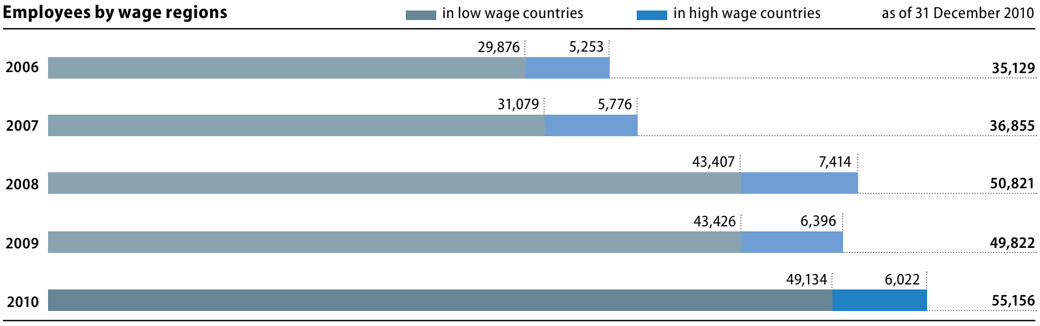
Number of employees increased to 55,156

The LEONI Group had 55,156 employees worldwide on 31 December 2010, which is 5,334 more than one year earlier. The growth was the result primarily of recruitment at production facilities in low-wage countries: overall, the workforce outside Germany grew from 46,027 to 51,381 employees, which equates to 93.2 percent of the total number. In Germany LEONI had 3,775 employees, as opposed to 3,795 people one year earlier. The Company had 132 temporary staff (previous year: 90). Group-wide, personnel costs rose from € 530.7 million to € 607.7 million in the year under report.

The **average age** of our staff in the past financial year was 40.3 years, down from 41 years in 2009. The average number of **years of service** was 9.9 versus 13.25 in the previous year.

Employees by region as of 31 December 2010





In the Wiring Systems Division the number of employees was up by 5,021 to 47,583 as at the reporting date because of the revived demand from the automotive industry. In particular, this involved expansion of facilities in North Africa, but there were also considerable increases in China, Mexico, Romania and Russia. The Wire & Cable Solutions Division had a total of 7,406 employees at the end of 2010, i.e. 310 more than one year earlier. Here there was recruitment above all in Mexico, Poland and Slovakia. In the holding company the number of employees rose from 164 to 167 people.

Short-time working ended during the year

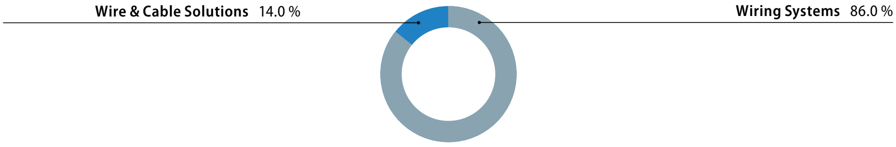
At the beginning of 2010 there was still short-time working at almost all of our German facilities. This affected virtually all employees covered by collective pay agreements and also some outside such agreements. Generally speaking, the percentage of short-time working per employee was about 20 percent. As the year progressed, LEONI was able, depending on the type of work and utilisation of the individual facilities, to gradually end short-time working. At the end of the year this instrument had to be used in only isolated cases. These measures were agreed in close coordination and constructive collaboration between management and the general works councils in Germany and France, the European works council as well as with local employee representatives and works councils.

Further training, advancement and motivation

With a large number of seminars both inside and outside the Company we significantly increased our further training activity again in 2010. At the German locations alone, a total of 647 (previous year: 150) training sessions were held with 3,097 (previous year: 1,000) participants. All these events were run during working hours and funded by the respective department. The focus was on trade and soft-skill seminars as well as management courses. To prepare them for deployment outside Germany, some employees and their dependants also received intercultural training as required. In 2010 we launched a new training scheme on the subject of project management. In addition, our **management development** programme was conceptually improved.

LEONI urges all staff to actively participate in shaping the Company. For example, ideas for improvement can be submitted via our **employee suggestion system**. LEONI awards particularly good ideas. A total of 1,080 ideas were submitted in the past financial year, of which around half were implemented. In round-table

Employees by division



discussions with the plant managers and in a workshop, which was set up in connection with LEONI's participation in the 'Germany's Best Employers' appraisal of the periodical Capital, we also offer our employees the opportunity to directly contribute ideas on **improving working conditions**.

In 2010 the Corporate Research Foundation again rated LEONI as one of the **"Top employers in Germany"**. Key criteria for this commendation involve the advancement opportunities offered, corporate culture, job security, market position, compensation and the work-life balance.

Furthermore, LEONI promotes employees' identification with their company by means of various **motivation-enhancing activities**. These include introduction days for new employees, setting up a new info portal on the intranet, events such as summer fetes, Christmas and anniversary parties as well as participation in the City of Nuremberg's Companies Run.

Personal advancement by means of basic and further training, targeted management and personnel development as well as motivation continues to form the key elements of our **personnel strategy**. This is what the notion embedded in our corporate vision that 'LEONI offers its employees challenging, attractive jobs' also represents. Our aim is thereby not only to raise staff satisfaction, but also to ensure the Company's long-term success.

Flexible pay and working time arrangements

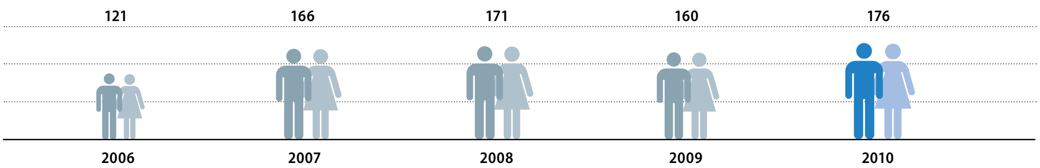
LEONI encourages its employees to take responsibility and involves them materially in business success to promote entrepreneurial thinking. In Germany we therefore supplement to some extent the fixed wages and salaries with **performance-related pay** and a variable profit share. In 2010 this profit share was based particularly on earnings before interest and taxes as well as free cash flow. An attractive corporate pension plan involving pay conversion, of which staff made greater use during the year under report, complements our payment system.

LEONI also attaches great importance to staff taking responsibility and being flexible in terms of **working hours**. Models such as part-time, flexitime and trust-based working, job-sharing and teleworking make it possible to harmonise the Company's requirements with the needs of our employees. Trust-based working was introduced at two further locations in 2010. Our employees are thereby given a high degree of flexibility in organising their work and private life.

Number of apprentices raised

At the end of 2010, LEONI had 176 young apprentices (previous year: 160) learning at 13 locations towards 19 different commercial and trade career qualifications. This number again equated to more than the qualified staff we require in-house. In addition to the conventional career streams such as industrial and clerical work, electronics engineering, industrial engineering and IT, young people can also take more specialised **apprenticeships** at LEONI, for example in glass and apparatus engineering as well as cable technology.

Apprentices within the Group as of 31 December 2010



In the trades segment, apprentices learn in dedicated teaching workshops. The commercial trainees spend time learning in various different departments during their education and thereby become familiar with the processes throughout the Company. They normally also visit foreign LEONI subsidiaries in order thereby to acquire intercultural skills at an early stage. Committed advisors oversee the practical work and exam preparation. We provide additional incentive by voluntarily offering bonuses for **exceptionally good exam performance**. In 2010, our apprentices again scored above-average results in their final exams.

LEONI also offers **undergraduate students** various opportunities to work in the Company, be it as interns, working students or vacation-time employees, or as part of the practical semesters required for a vocational academy course.

The economic recovery enabled us to gradually step up our **recruitment of young people** again over the course of the year. Particularly in the second half of the year, LEONI participated in various university and business networking events. In total, we were present at 15 such fairs in 2010.

Promoting tolerance

LEONI signed the **Diversity Charta** in 2010. This is a project to create a prejudice-free work environment initiated by Minister of State Prof. Dr Maria Böhmer, the German federal government's officer for migration, refugees and integration. Commitment to the standards of the Diversity Charta is intended to establish an open-minded business culture based on inclusiveness and mutual respect. Different talents in the workforce are to be recognised and deployed in a targeted way. Companies intend thereby to contribute to establishing a climate of acceptance and mutual trust in society and to raise appreciation of embraced diversity. The wording of the Diversity Charta can be found at *www.charta-der-vielfalt.de.* LEONI is also keen **to raise the proportion of women** in management. In this respect, we are participating in a model project of the Employers' Association for the Bavarian Metalworking and Electrical Industries with five women showing high potential. The project aims to specifically promote female junior staff with development potential. We also again participated in the Germany-wide "Girls' Day" to strengthen the interest of young women in technical careers.

Research & Development

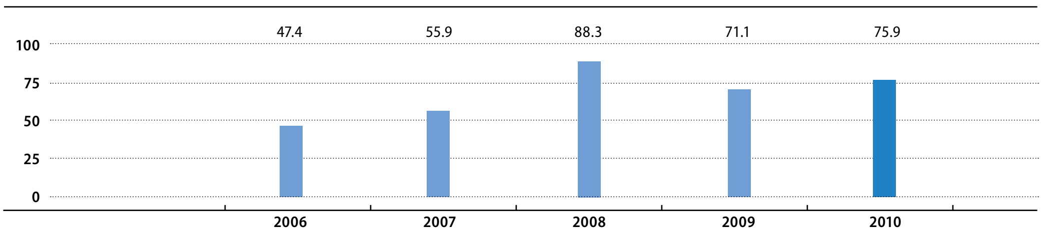
LEONI's in-depth research & development (R & D) work is aimed at further enhancing our leading competitive position in many markets, developing products and solutions as well as raising the efficiency of our production processes. We are also working on becoming **the most innovative provider of cables for environmentally friendly technologies**. The focus on the one hand is on new kinds of customised products and systems and, on the other hand, on optimising production processes as well as searching for alternative materials and ways to optimise installation space and weight, thereby reducing costs and environmental harm as well as raising efficiency while maintaining or enhancing quality.

The two business divisions and their respective departments are responsible for R & D work. The Wiring Systems Division runs R & D in numerous development centres located around the world in the markets of greatest importance to our business. The corporate R & D department does basic research and provides project-related support. In the Wire & Cable Solutions Division, development work is done at the larger facilities in Germany and elsewhere in Europe. Its Research & Development department coordinates the division-wide development work, conducts basic research and also various application-oriented activities, for example in the field of automotive cables.

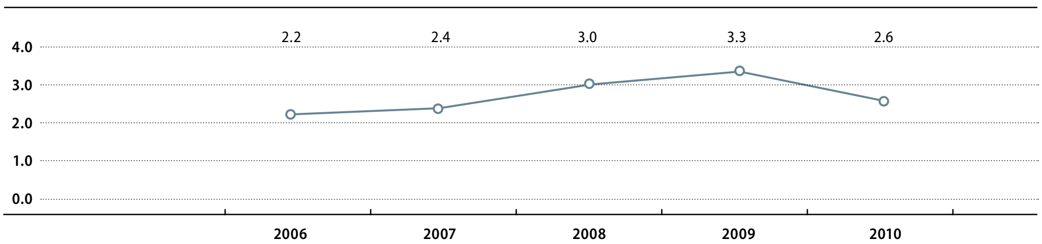
Our R & D activity benefits from the broad specialist knowledge of our two divisions and the close cooperation between the various teams, through which we generate synergies. We also work together with outside institutions. Outstanding LEONI projects receive public-sector support, for instance from the Ministries for the Economy and Technology as well as Education and Research, and also from various federal state research foundations.

R & D expenditure at LEONI is primarily project-related and, Group-wide, rose by 7 percent to € 75.9 million in 2010. Relative to sales, spending on R & D was down from 3.3 percent to 2.6 percent. On 31 December 2010, LEONI employed 1,116 people group wide in R & D; 108 more than one year earlier. The Company applied for 17 patents and utility models in the year under report (previous year: 57). Know-how is acquired from outside sources to an insignificant extent only.

R & D spending € million



Ratio of R & D spending to sales %



Research & Development: Employees as of 31. December 2010

R & D projects: Wiring Systems

The Wiring Systems Division continued its R & D work on the "green car" in 2010. The focus was on developing products for electrically powered vehicles, such as high-voltage cables, as well as lightweight construction to limit vehicle weight despite the ever larger number of safety and comfort features. Among other things during the year under report, we developed and fitted a new kind of conductor material for the electrically driven demo vehicles of a German and French manufacturer. We also stepped up our activity in the field of environmentally friendly technologies (**green technology**) by increasingly integrating renewable raw materials in LEONI products, by being aware in our use of environmental resources and by developing energy efficiency concepts.

Another important subject area involves the development of innovative **components** such as fuse and power distributor boxes. In this field, we launched a new multifuse box to economically protect the car's wiring harness, among other products, in 2010. We also raised our efficiency by automating the production of a power distributor, with simulation programmes to shorten development times as well as with our own tools to support production development.

R & D projects: Wire & Cable Solutions

The focus of the Wire & Cable Solutions Division's wide-ranging R & D activity in 2010 was also on the subject of "**green technology**" – for example through miniaturisation, the use of environmentally friendly materials and innovations for green industries. Optimisation of product properties and cost reduction measures were also focal areas.

For our customers in the **automotive industry** we reduced the weight, the installation space and the cross section of the cables by using alternative conductor materials for data and sensor cables, among other products. For instance, LEONI launched two new miniature cables for USB and LVDS applications in vehicles. Further focal areas of development work involved charging cables for electric vehicles, data cables for the greater demands of video transmission in vehicles as well as high-temperature cables that can be used at more than 150 degrees Celsius. We also rounded off our range of cable products for the electromobility market.

In the **wires and strands** sector we worked on miniaturising our products, for example by using copper alloys, and began to develop corresponding production plant. The fact that we commenced series production delivery of tinned copper flat conductors for photovoltaic modules demonstrated the benefit of development work in the area of wires for the solar industry.

We have likewise added to our products and services for the **solar industry** and succeeded in signing a multi-year contract with a large Asian supplier to the solar industry. In addition, LEONI started working on new halogen-free **fiber optic conductors** for wiring wind turbines.

Our range of products for the **railway industry** was extended to include jumper cables resistant to cold, which are also especially well fireproofed. Also just about to be completed is the sampling inspection of control and signal cables for **powertrains** that are exposed to very high temperatures.

In the **data communication** business we enlarged our product range to include pre-assembled cables for computer centres and thereby enhanced our systems expertise. Furthermore, we massively expanded our range of halogen-free power cords for the **household and electrical appliance industry**.

For customers in **automation engineering** LEONI developed self-supporting flat cables that can be used, for example, for assembly robots. A promising innovation, which has already led to successfully filled initial orders, was launched on the **medical technology** market. It involves a new miniature camera cable for endoscopy applications that has a diameter of just 0.38 mm.

Basic research

In the Wiring Systems Division the 'power distributor of the future' constitutes an important subject area in basic research work. It is aimed at finding additional functions that can be handled via the cable harness as the primary control component in the vehicle. The basic research of the Wire & Cable Solutions Division is focused on developing new or improved and, in particular, halogen-free materials. The innovation projects on which the corporate R & D department was working, namely 'Icefuel' (development of a cable to carry hydrogen) and 'NanoIso' (research on insulation materials with use of nanotechnology), have been successfully completed.

In addition, LEONI is working with institutions and other industrial partners on wide-ranging basic research projects. The table below shows some examples:

Collaboration projects with external institutions and universities

Project	Partner	Division
Elbflorace (race car)	Dresden University of Technology, Faculty of Transport and Traffic Sciences	WSD
Options for applying strip conductors to field components	Research association for electronic field components	WSD
Organic, adhesive-free bonding technology	Fraunhofer Institute for Silicate Research, Würzburg	WCS
Contactless signal and current transmission systems	University of Applied Sciences Ostwestfalen-Lippe	WCS
Federal Ministry of Economics and Technology - "Microdrill" composite project (precision drilling technology)	Fraunhofer Institute for Laser Technology, Aachen / Technical University of Berlin, Institute for Machine Tools and Factory Operation	WCS
GigaBit Ethernet (high-performance data transmission)	Reutlingen University	WCS
Basic research into electrical properties	Labco, LGA, Fraunhofer Institute, University of Erlangen-Nürnberg	WCS
Future Car	Fraunhofer Institut IAO	WSD

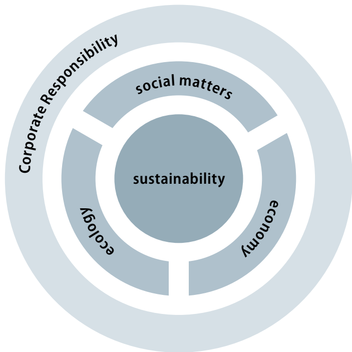
Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6842 Filed 09/12/12 Page 101 of 218

Sustainability report

LEONI bears a special corporate responsibility towards its social, commercial and ecological environment. This is because, as a global operator, we have an impact on many people, areas of society and nature. We therefore commit ourselves to acting in a sustainable way and to take into consideration the needs of all interest groups that are affected by our work. **Corporate responsibility** at LEONI is expressed in observance of the corporate governance guidelines (Corporate governance report) and in the Social Charta, the Code of Ethics, compliance-related activity, resolute focus on quality and the environment as well as in the targeted expansion of the portfolio of products for green technologies.

Corporate Governance page 38

Corporate Responsibility at LEONI



Social Charta and social commitment

Especially against the backdrop of globalisation, LEONI regards assuming social responsibility as an integral part of good corporate governance. We were one of the first companies in the world, back in 2003, to issue a "**Declaration on Social Rights and Industrial Relations**", which can be viewed on our website. This Social Charta applies worldwide and was signed by the Management Board, the Euro Works Council and the International Metalworkers' Federation. It ensures that all of our facilities observe human rights and fundamental rights of employee protection. In so doing, LEONI adheres worldwide to the standards of the International Labour Office (ILO) of the United Nations. The Social Charta guarantees the right to unionise; abhors discrimination, child as well as forced labour and commits us to adhering to health and safety measures, appropriate compensation as well as working hours that, at a minimum, meet the respective legal requirements. We also encourage our business partners to consider adopting the Charta in their own company. In 2010, LEONI also signed the **Diversity Charta** (section on employees) to promote tolerance towards minorities.

www.leoni.com

Employees page 94

LEONI's social outlook is also reflected in targeted advancement of staff and support for charitable associations involved, for example, in sport and culture. Among other activity in 2010, LEONI became one of the principal sponsors of the TSG 08 sports park in Roth, Germany.

Our apprentices in Roth also demonstrated exemplary **social commitment** during the year under report: they initiated a Group-wide campaign to raise funds for the flood victims in Pakistan and in this way collected approximately € 29,000 from LEONI staff worldwide. Corporate management boosted the amount to a donation of € 50,000 to UNHCR, the United Nations' refugee agency. The Company also donated in the same amount to SOS-Kinderdörfer, an organisation for children in need. Furthermore, LEONI is repeatedly and actively involved in social and cultural projects of a primarily regional nature.

Compliance

LEONI considers honest conduct to be an indispensable basis for dealing in a responsible and trustworthy way with its business partners and all other stakeholders. In our **LEONI Code of Ethics** we have laid down corresponding guidelines, which are binding on all board members and staff worldwide. As a matter of principle, LEONI employees must therefore act in accordance with the corporate rules and legal requirements of the respective country. The Code of Ethics requires the rules governing open competition to be observed, inside information to be treated confidentially and insider knowledge not to be misused. Discrimination and any kind of advantage taking are prohibited. The Code's wording can be viewed on our website and is complemented by the Social Charta as well as LEONI's competition and export control rules.

www.leoni.com

All managers must, in line with a formal undertaking given to this effect once a year, conduct self-checks and perform their example-setting role by ensuring that their staff also observe these requirements. Adherence to the guidelines is monitored by means of **compliance audits** and quarterly reporting. Since 2009, LEONI has held regular, web-based management training courses to broadly embed understanding of the importance of compliance within the Company. In 2010 the compliance areas of Code of Ethics, Social Charta, anti-corruption and competition law were switched to e-learning. In addition, LEONI established a Corporate Compliance Committee, which meets quarterly, to review adherence to compliance rules, changed requirements and the impact of new legal requirements. Further information on the compliance management system is contained in the Risk report.

Risk and opportunity report page 106

Quality Management

The reliability and high quality of our products, services and processes are integral elements of LEONI's commercial responsibility and simultaneously key to our success in the marketplace. We have therefore set up certified quality management (QM) systems in both of our divisions, which are presented in management handbooks in a process-oriented way and are continuously improved. Quality management in the Wire & Cable Solutions Division has been adapted to the organisational structure newly created in 2009. The new structure produced its first benefits during the year under report based on implementation of best-practice solutions. We had all the processes of the Wiring Systems Division's quality management analysed and updated by the process owners during the past year. The required changes thereby identified are documented in the QM system and they are currently being implemented in all of the division's units.

In 2010, a cable production facility in Morocco and an assembly plant in the Czech Republic were successfully certified to the **ISO 9001 quality standard** for the first time. All the production facilities of the Wire & Cable Solutions Division are thus certified to at least this standard, with eleven of them having additional certification according to the specific standards of the automotive industry (ISO/TS 16949), the aviation and space industry as well as the medical equipment sector. In the Wiring Systems Division, all facilities underwent the annual recertification to the **ISO/TS 16949** automotive industry standard during the past financial year.

Various awards as well as further lowering of the complaint rate in the wiring systems business again in 2010 underscored the high quality of our services:

2010 awards

Award	Customer, award presenter	Division	Location
Supplier of the year	Siemens (Healthcare Sector)	WCS	Friesoythe (Ger)
Best Cable Harness Supplier	Renault	WSD	Pitesti (Ro)
Plant of the Year/GEO: Outstanding Production in EU Accession Countries	"Produktion" (trade journal), AT Kearney	WSD	Bistrita (Ro)

Environmental protection

LEONI regards environmental protection as a primary corporate objective and endeavours to strike a balance between ecological concerns and economic interests. Our environmental management is geared to keeping the impact of all our processes on nature as minor as possible – starting with the use of materials that are as environmentally friendly as possible and far-reaching recycling of many input substances that spans from product development through to production processes. We strive everywhere to reduce energy consumption and thereby CO_2 emissions, consumption of water as well as the amount of wastewater. Our employees are called upon to act in an environmentally friendly manner in all areas. The principles of our environmental policy are accessible to all of our business partners and interested parties on our website. They are taken into account in our choice of suppliers.

www.leoni.com

Environmental management in the Wiring Systems Division restructured

We have separate environmental management systems in our two business divisions. In the Wire & Cable Solutions Division this was adapted to the new organisational structure in line with the quality management system. The Wiring Systems Division revised its environmental management effective 1 June 2010 in line with its SHE (Safety, Health & Environment) system. All managers involved with this subject on a local basis report on their specialist areas directly to the division's SHE director. We are, furthermore, improving worldwide communication in this area via a new intranet platform and regular conference calls. In addition, we began to revise the management system and the Company's internal standards for SHE in accordance with the EU guidelines.

Certified environmental management

Our production facilities around the world are gradually being certified to national and international environmental standards to document their ecological orientation, as well as being regularly checked by both in-house and outside audits. In the Wire & Cable Solutions Division, LEONI Studer AG in Switzerland was for the first time and successfully audited according to ISO 14001. 21 organisational units in this division are consequently certified to this environmental standard. In the Wiring Systems Division, internal SHE audits were carried out in eleven organisational units in Europe and Africa in 2010. 13 facilities are ISO 14001 certified and one has EMAS (Eco-Management and Audit Scheme) certification.

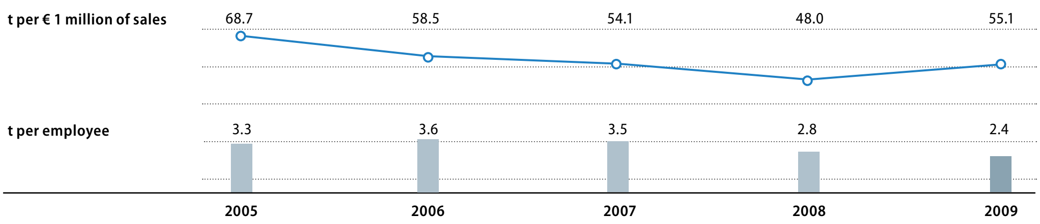
Energy saving measures

In the plant and equipment-intensive Wire & Cable Solutions Division, improvements were applied at various facilities in 2010 that provide substantial ecological and economic benefits. One of the focal areas was **heat recovery**. For example, at our plant in Nova Dubnica, Slovakia we are now using the waste heat from the compressors to heat the buildings, which contributes to reducing heating costs. At our Mexican facility we installed new smoke tube boilers with heat recovery, which are 95 percent efficient and have demand-optimised adjustment. This has made substantial energy savings possible. At our plant in Bad Kötzting, Germany, we invested in a new ventilation system with heat recovery. By refurbishing and insulating a factory roof at our Weissenburg facility we lowered heating costs. Having switched the factory lighting to economical LED technology at our Hungarian plant similarly resulted in benefit to the environment: it reduced energy consumption for lighting by 40 percent.

Carbon Disclosure Project

LEONI participated in the Carbon Disclosure Project for the third time in 2010. On behalf of institutional investors, the initiative surveys the world's largest, market-listed companies on the volume of their **CO_2 emissions**, among other things. The 2009 figures were disclosed upon request during the year under report. In absolute terms, LEONI's direct CO_2 emissions dropped by 15 percent in the year due to the economic crisis, while relative to the number of employees they were down by 13 percent. Relative to sales on the other hand, which slumped significantly at LEONI during the crisis year, CO_2 emission rose by 15 percent. In the ranking of comparable companies participating in the Carbon Disclosure Project, this puts LEONI in the bottom third relative to sales and in the top third relative to the number of employees. In the future, too, we shall use the project's findings to further reduce our CO_2 emissions.

Direct CO_2 emissions group-wide



Green Technology

The market for environmental technologies is becoming a growth driver worldwide. LEONI has therefore assigned key significance to the **strategy element** of "green technology". We want to keep growing at an especially strong pace in this field and to broaden our position in select environmental technology markets such as sustainable mobility, ecological energy generation and storage as well as energy efficiency. Furthermore, by means of reduced-weight products and the use of environmentally compatible materials we intend to make a direct contribution towards reducing strain on the environment. The new products in this area that we developed in 2010 are described in the section on Research & Development.

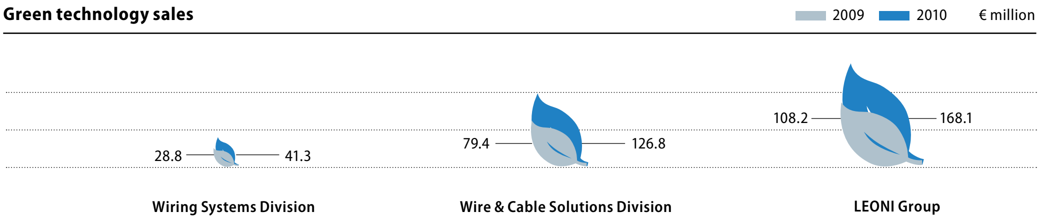
Research & Development page 96

To LEONI "green technology" constitutes a cross-section of various markets and technology fields, which extends and redefines them. When working on them we can benefit from cooperation between our two business divisions. We thus set up the cross-divisional Business Unit **Electromobility** for this technology field in 2010. It is working jointly with existing and newly gained customers in the automotive and energy industries as well as with outside partners on helping the subject of emission-free mobility to make a breakthrough – with innovative technologies and solutions along the entire process chain, for both vehicle applications and infrastructure solutions. Further information on this new BU can be found in the Segment report.

Segment report page 68 f

We also made major progress in the area of weight saving. The **Toodedis** development tool helps in optimising the architecture and design of a cable harness in terms of efficiency and weight. Toodedis analyses the demands inside the cable harness and determines the most favourable conductor cross section. Testing of such cross section-optimised cables, for example on a technology vehicle, found overall potential for weight savings of between 20 and 30 percent.

Green technology sales



In the 2010 financial year, LEONI generated sales of € 168.1 million with green products and technologies, up from € 108.2 million in the previous year. At a rate of 55 percent, sales to markets defined as being for "green technology" therefore grew at a significantly faster rate than overall sales in 2010. We define **"green sales"** as follows: In the Wiring Systems Division these include income generated in the markets for electromobility or involving emission-reducing technologies, for example by means of weight and cross section-oriented wiring system optimisation, specific engine cable harnesses or sensor cable harnesses for energy recovery systems. The Wire & Cable Solutions Division includes under this definition all products that are used in environmentally friendly target markets such as the solar industry.

The table below provides an overview of LEONI's products and applications for "green technology":

Green technology: Markets and technology fields

Core markets	Applications and application fields (examples)
Environmentally friendly energy generation and storage	■ Solar energy (e.g. photovoltaic plants, solar thermal power plants), wind power (e.g. wind turbines) ■ Bioenergy (e.g. biogas power plants, biomass power plants), geothermal energy (e.g. hydrothermal systems) ■ Hydro power (e.g. tidal power plants, pumped storage plants)
Energy efficiency	■ Energy consumption reducing measuring and control technology (e.g. sensors, monitoring systems) ■ Energy efficient automation/drive engineering (optimised / speed-regulated electric motors) ■ Energy efficient heating and climate control technology as well as energy efficient household appliances
Raw and other materials efficiency	■ Measuring and control technology to avoid scrap (e.g. opto-electronic quality assurance systems) ■ Lightweight construction (e.g. cable systems with aluminium conductors)
Recycling management	■ Waste separation (e.g. automatic materials separation plants) ■ Recycling (e.g. plant to treat plastics) ■ Environmentally compatible waste disposal (e.g. end-of-pipe technologies)
Sustainable water management	■ Water treatment, distribution and supply (e.g. seawater desalination plants) ■ Wastewater treatment (e.g. sewage plants, filter technology) ■ Household appliances with high water consumption efficiency
Sustainable mobility	■ Electromobility (e.g. electric vehicles, charging infrastructure), fuel cell and hybrid technology ■ Railway engineering (e.g. rolling stock, railway infrastructure) ■ Traffic management system technology (e.g. traffic guidance systems, system technology for intermodal transport)

Key markets

We also analysed our production processes from environmental aspects. Group-wide, our sales of products that are made in environmentally certified facilities or using energy efficient plant and machinery increased from € 1,580.0 million in the previous year to € 2,148.0 million in 2010. Of that, € 762.2 million pertained to the Wire & Cable Solutions Division (previous year: € 565.1 million) and € 1,385.8 million to the Wiring Systems Division (previous year: € 1,014.9 million).

Supplementary report

Unrest in North Africa resulted in brief production stoppages at our plants in Tunisia and Egypt at the beginning of the year. Some employees were unable to come to work because of the uncertain situation, the curfews and the intermittent disruption of public transport services. Flexible adjustment of the shift systems to the curfews and reliable use of a Company-organised bus fleet to carry staff enabled the resumption of production after a short time with slight restrictions. Furthermore, production at our plants in Egypt had, in a preventive measure, been stepped up significantly after the unrest started in Tunisia. We consequently had ample quantities of pre-produced cable harnesses and wiring systems during the disruptions. Production has in the meantime returned to a normal level and there have not been any appreciable delivery problems. Nor have there been any other events of special significance and with material impact on the LEONI Group's earnings, financial and asset situation after close of the financial year and until this report was signed.

Risk and opportunity report

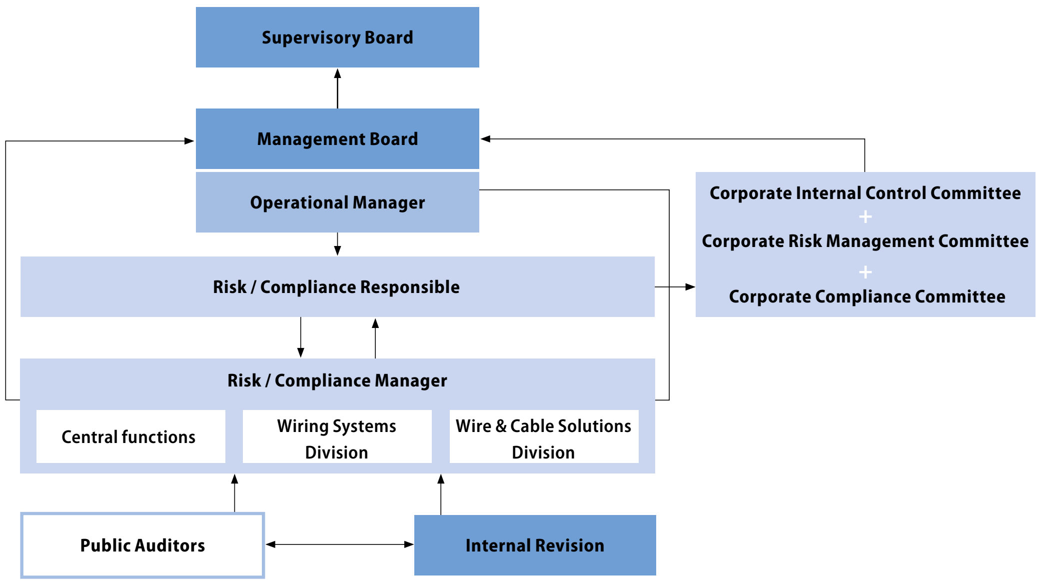
Risk policy

Opportunities and risks are an integral part of all business activity and therefore also of LEONI's activity with a global outlook. Our risk policy follows the principle of accepting risks only when the associated business transaction can be expected to make an appropriate contribution to enterprise value. This risk policy, as set by the Management Board, determines the activity of everybody involved in the process of risk management. As a general rule, risks and opportunities are defined at LEONI as deviation from the planned result.

Risk management system

LEONI has a multi-stage risk management system as well as other, supporting control systems for early identification of risks that might threaten the Company's continued existence. This system encompasses the corporate risk manager and two area risk managers as well as about 190 managers involved in the operations of all relevant business areas. A **unit** that reports directly to the Management Board is in charge of monitoring and coordinating the risk management process at head office. It also determines and describes the Group's overall risk situation. Immediate responsibility for early recognition, control and communication of the risks rests with the managers in operations. Based on their reports, the risk management and controlling of the business divisions prepares **quarterly reports** for the corporate risk manager, who compiles these in quarterly reports for the Management Board. He or she also ensures that the Management Board and the Supervisory Board are informed of key changes in the risk situation without delay.

Risk management system



Apart from the reporting, an inventory of risks of the divisions and of the Group is updated once a year at **risk workshops**, a training session is held and the likely range of fluctuation in market risks is ascertained for the aggregate statement. We run these risk workshops for the divisions and for the LEONI Group. Prior to these events, the corporate risk manager and the responsible area risk manager conduct separate interviews with the operations managers for each business group/unit of the two divisions.

On the **Corporate Risk Management Committee**, the legal, internal audit, finance, insurance and tax departments exchange information with the risk managers of the divisions. Process improvements for the risk management system are also on the agenda for meetings of this committee. All risks that we cannot prevent or pass on, as well as the measures to counteract them, are recorded on a workflow-supported **database**.

The risk reporting, risk workshops and workflow-supported database ensure that existing risks are identified, monitored and controlled as well as being systematically reduced by the countermeasures applied. **Risk management** is based on the maximum gross amount of potential claims. Risk management is also integrated in the existing planning, controlling as well as information systems and covers all companies in the LEONI Group worldwide. The Group-wide internal control system and the compliance management system also support the risk management systems.

Internal control system

LEONI's internal control system (ICS) is organised on a Group-wide basis in order to implement it as a success factor for sustained corporate governance and to fulfil the legal requirements. The Management Board bears overall responsibility for setting up and maintaining the internal control systems with respect to the accounting process in the Group and is advised at regular intervals on its current status.

The operational and organisational structure of the internal control system is divided into four **local control levels** (corporate departments, divisions, business groups/units and local companies) and a corporate documentation level, which is integrated in the risk management system. The locally executed manual and IT-supported controls are documented in risk management at the corporate level as part of a control self-assessment process.

Our control processes are not limited to just accounting-related risks, but also encompass non-accounting-related factors that might constitute a risk for the LEONI Group. These involve, for example, controls in the areas of quality management and production. The **Corporate Internal Control Committee**, which is composed of the persons responsible for control at the respective head offices, carries out audits of all control matters and processes involving the ICS with respect to being up to date, complete and effective.

The Audit Committee reviews the internal control system's effectiveness once a year. This may involve the auditors presenting weaknesses in the internal control systems found during the annual audit. Furthermore, the Internal Audit department checks on a random basis whether the internal controls at the four business levels are being carried out.

Compliance management system

The corporate compliance management system is geared towards prevention in the principal areas of compliance in order to adhere to legal requirements and the Company's own guidelines. The principal **compliance areas** include: Code of Ethics / Social Charta, prevention of corruption, competition law, export control, information security / data protection and the Tread Act with its obligation to report product recalls to US authorities. The persons responsible for risk management are also responsible for compliance. There is also quarterly compliance reporting in line with the risk reporting.

Compliance area managers were given responsibility for each of the six compliance areas during the year under report. They meet quarterly with the compliance managers on the **Corporate Compliance Committee** and in addition to the internal audit also carry out annual random audits. These also serve to continuously improve our compliance management system.

It is the duty of the compliance area managers to respectively update the internal guidelines and to convey these in annual training sessions. Furthermore, as experts they are the contacts with respect to all questions arising about this compliance area.

All operational managers worldwide regularly participate in **compliance training sessions**. In 2010 the compliance areas of Code of Ethics / Social Charta, prevention of corruption and competition law were switched to e-learning sessions. Automated compliance tests by means of self-checks and a personal undertaking to be submitted by each manager on an annual basis provide compliance with an additional safeguard.

The scope of our self-check is determined in agreement with the compliance manager. The status of checks is presented and other process improvements are agreed on the Corporate Compliance Committees.

Integrated opportunity management

The identification, cognition and exploitation of opportunities is managed on a decentralised basis under operations management. Forming the basis for this is the target agreement and strategy process originating from the Management Board. Outside forecasts and market analyses also support opportunity management. It is integrated in the risk management and controlling process at the respective business unit / group levels as well as in the principal projects of the Wiring Systems Division. The findings are documented by our operational managers on the basis of a risk/opportunity comparison and condensed for the Management Board and the Supervisory Board in an aggregate statement, for which we make use of what is known as Monte Carlo simulation.

The **Wiring Systems Division** understands opportunity management to be a balanced combination of expanding its core business, identifying new markets and targeted extending of the depth of added value. In so doing, the division builds on existing strengths and aims to continuously improve along the entire value chain. In addition, the division continuously analyses new cooperation options and technological trends to be able to generate lastingly profitable growth.

The **Wire & Cable Solutions Division**'s opportunity management pursues product and market-specific opportunities in the context of strategy-related work. For example, the global trends of importance to LEONI – globalisation, industrialisation & automation, environmental awareness & shortage of resources, mobility, urbanisation and demographic change – are monitored, evaluated for each of the division's business units and checked for expansion potential. Directions of growth and suitable innovation, acquisition and sales-increasing projects are extrapolated from this process.

Presentation of individual risks

The risk areas that we monitor are initially described hereinafter.

Market risks

Customers in the automotive industry and among its suppliers account for about 71 percent of LEONI's consolidated sales. The current business performance of this sector therefore has great influence on the size of LEONI's business and earnings. The Wiring Systems Division further reduced the risks arising from exposure to a small number of major customers by having a **broad customer base**. Loss of a customer could nevertheless have a sizeable impact, although there would be a fairly long lead-time before the effect sets in because of the lengthy contract periods covering a particular model range. We endeavour to prevent such loss by establishing very close and stable relationships with our customers. This is based on extensive development work and outstanding service in terms of delivery. The market recovery that started in 2010 has reduced the risk of insolvency among our customers to a normal level. However, there is still no reason to anticipate the complete loss of a customer from the automotive industry without the model ranges for which we supply product being continued.

We confront the unabatedly heavy **pressure on prices** in the automotive industry with effective, stringent cost management in all areas of our Company, setting up more production facilities in low-wage countries and resolutely optimising purchasing prices, which we also carefully monitor. We are also improving our cost situation by raising efficiency in production and logistics.

Development risks

The trend prevailing in the automotive industry towards sharing development costs with suppliers also continues to affect LEONI. In both development projects and series production we therefore rely, together with our customers and our sub-suppliers, on thorough and comprehensive quality control and certification routines.

Procurement risks

LEONI uses copper in all of its business segments. The global market price of this raw material, which is subject to substantial fluctuation, therefore exerts a major influence on the cost of materials in the Group. This pronounced volatility can largely be passed on to our customers based on contractual agreements to this effect – normally after a time lag. If the **price of copper** rises for a protracted period of time, this time lag can exert an adverse effect as of the reporting date. If the price has fallen sharply up to the reporting date, copper inventories may be exposed to the risk of devaluation.

The second large group of materials that is used in the LEONI Group, mainly in the Wiring Systems Division, comprises **bonding systems** consisting of plastic casings and metal contacts. These almost exclusively involve tool-specific components, which are mostly procured from a single supplier because of customer specifications or for commercial reasons. The recovery of demand has led to increases in the cost of raw materials that are of greatest importance to us. This can result in demands for higher prices and therefore in increased procurement costs for the corresponding components. Supply bottlenecks could occur in the future because of the aggravating shortage of materials such as polyamide, PVC components and also copper. So far we have been able to largely avoid this based on our long-term supplier relationships.

Location risks

The LEONI Group had a total of 90 facilities in 34 countries in 2010. Policy on choice of location is geared closely to the requirements of our customers, which LEONI follows into foreign markets.

The current **expansion of our production capacity** for new model ranges is progressing according to plan. Should we fail to ensure that production starts up on schedule and according to the requirements of our customers this could have serious consequences for future business. We are aware of the importance of such projects to our own success and monitor the preparations carefully to ensure on-schedule progress.

It would not be possible to immediately replace the production capacity of large facilities with up to 6,000 employees in the event of an outage. Just-in-time delivery, the single-source principle of some customers and the use of customised cable harnesses extend this risk further. Owing to the size it has attained, LEONI operates a considerable number of production facilities worldwide, which have **backup capacity** as is prudent and accepted by the carmakers. Furthermore, preventive measures have been applied at all production facilities and are documented in a global emergency plan. They range from a round-the-clock guard service to extensive fire protection systems. Furthermore, no LEONI facility is located in an area known to be under serious threat of earthquakes, flooding or other natural disasters. However, in 2010 we mourned the deaths of 23 employees who were casualties of a bus accident in extremely heavy rain conditions on their way home from work in Morocco.

Country risks

The constant pressure on prices and costs compels us towards disproportionately large workforce increases in low-wage countries. This means that buyers and customers in many instances have to be supplied across several national boundaries. There are also political risks in some countries.

Despite the difficult political situation in Tunisia and Egypt, coordinated measures as part of crisis management have enabled us to maintain supply to customers with minor penalties. The risk of transport disruption, for instance involving closed seaports or airports, cannot be ruled out during **political unrest**. The option of temporary supply from production facilities in other, non-affected countries is severely limited because of the customised products in the Wiring Systems Division. Relocation is possible only with a corresponding lead time necessitated by setting up the required production capacity and recruitment.

Personnel risks

The aggravating shortage of skilled professionals in Germany as well as changes in the availability of personnel and the resulting **rise in wage and salary costs** at labour-intensive production locations in Eastern Europe present human resource management with particular challenges. This situation is brought about on the one hand by the large number of companies that are relocating their production from the industrialised countries of Western Europe to eastern European countries with low wage levels. On the other hand, however, there are also – due particularly to the accession of these countries to the EU and the resulting freedom of movement – signs of increasing migration of labour at all qualification levels from east to west. Effort has been stepped up to augment **staff loyalty** – for example with internal programmes to provide employees with further qualifications and aimed at integration as well as offering a wide range of social benefits – to maintain the ability to recruit and tie staff as an attractive employer.

IT risks

Running a company like LEONI that operates on a global scale is only possible with the help of sophisticated IT systems. Constant readiness to supply goods and services – especially to the automotive industry that frequently calls for either just-in-time or just-in-sequence delivery – also depends on availability of the IT systems and their data at all times. Serious disruption such as system outages or loss of data could threaten LEONI's ability to supply, temporarily stop customers' production and hence result in far-reaching claims for compensation. LEONI therefore constantly works – in some instances with the support of outside specialists – at optimising its IT set-up, both in terms of concept and operation. One example of this is having a **second, backup computer centre** as an emergency system.

The appointment of an Information Security and Data Protection Officer reporting directly to the Management Board demonstrates the very high priority given to this topic within the Company.

Financial risks

To back our plans for growth and the capital expenditure it entails, LEONI has received ample short and long-term loan commitments from banks, mainly in the form of conventional lines of credit. In addition, stringent cash pooling is used to safeguard liquidity. The most important cash flows in the Group are managed and handled by LEONI AG at head office.

Credit risks

All customers with whom the Group intends to conclude business on a credit basis are subject to credit screening. Regular **analysis of receivables** and the structure of the receivables facilitates ongoing monitoring of the risk. Accounts receivable management is organised in a decentralised way but is controlled by head office, which sets conditions by means of the existing guideline for Group-wide accounts receivable management.

The insured subsidiaries must apply for **credit insurance limits** to the credit insurer for all receivables from customers that are not exempt from compulsory cover and that exceed € 50 k. Internal credit limits are set for major customers that are exempt from mandatory cover and other non-insured customers. Limits are applied for without delay and are monitored by the head office's accounts receivable management.

Factoring, or true sale factoring for selected customers, serves as a further tool to reduce the risk of default. Customers with good credit ratings are also included.

Liquidity risk

The Group monitors its current liquidity situation on a daily basis. Monthly, currency-specific, **rolling liquidity planning** for respective periods of 12 months is used to control future liquidity requirement. The planning takes into consideration the terms of investments and financial assets (e.g. receivables, other financial assets) as well as the expected cash flows from business activity. In addition, we analyse our existing finance based on our medium-term planning, which we revise annually. We initiate suitable measures in good time so far as there is any change in borrowing requirement. The Group's objective is to ensure funding in the respectively required currency.

Interest rate risks

For most of the variable-interest loan obligations, we use interest rate derivatives to avoid the risk of changes in interest rates. Such contracts are signed exclusively by LEONI AG.

Impairment risks

LEONI subjects non-current assets including goodwill to impairment testing based on the IFRS accounting rules whenever there are indications that impairment may have occurred. Goodwill is tested at least once a year. An increase in the discount rate and/or worsening of earning prospects will cause the risk of impairment to rise.

Currency risks

Although we conduct business mainly in euros or in the local currency of the respective country, we are increasingly faced with currency risks due to the globalisation of the markets.

In the Group's holding company, LEONI AG, the Corporate Finance department deals with the resulting currency risks in collaboration with and based on the conditions set by the currency committee with respect to limits and terms. **Hedging transactions** are executed in line with the existing underlying transactions as well as the planned transactions.

Selection of the hedging instrument to be used is based on regular, in-depth analysis of the underlying transaction to be hedged. The objective is to limit the impact of exchange rate variation on net income. Apart from the actual hedging transactions, we primarily take advantage of the option of netting foreign currency items within the Group to hedge our operating business activity. As a further currency-hedging measure, as matter of principle we finance our foreign subsidiaries in their respective functional currencies by way of refinancing in the corresponding currency.

The currency hedging transactions, as well as our interest-rate-hedging transactions, were signed with first rate commercial banks, meaning that there was no significant counterparty risk either. This area is also subject to regular monitoring.

There were no risks related to financial instruments on the balance sheet date that resulted in any noteworthy risk concentration. Details on these financial risks are contained in the ➛ Notes.

➛ Notes
page 176

Compliance and liability risks

LEONI has set up an effective ➛ Compliance management system to avoid compliance risks. In occasional instances export control regimes, such as the continually updated boycott and embargo lists, entail the risk of rule transgression. To avoid this, continuous tests, for instance by way of the IT systems, are run and training sessions for those responsible for observing export controls are held. This applies equally to competition law and anti-corruption rules.

➛ Compliance
management system
page 106

International **investigations under competition law** in the automotive supply sector have affected LEONI at various locations since 24 February 2010. LEONI is cooperating with the investigators and supports their work. In the middle of fiscal 2010, the investigators sought information and disclosures from LEONI. There have been no further enquiries since then.

LEONI's output is used primarily for technically sophisticated products and equipment with high safety standards. We minimise the associated **product liability risks** by taking effective measures as part of process safety and quality management. All plants are ISO 9001 certified and some, depending on the customer group they supply, have additional ISO/TS 16949 (automotive industry), ISO 9100 (aerospace) or ISO 13485 (medical devices) certification. Some plants also have an environmental management system certified to ISO 14001. There is also insurance cover for operating, product and environmental liability as well as for product recalls.

Environmental risks

Environmental risks can virtually be ruled out because of the production methods used at LEONI. As environmentally harmful production materials are used in exceptional instances only, it is comparatively easy to take specific, preventive measures at comparatively minor expense. Furthermore, we take corresponding care from the outset.

Overall risk exposure

The risk situation eased somewhat in the 2010 financial year in tandem with the global economic recovery. The risk of customer default, for instance, has dropped back to the pre-crisis level. North Africa saw a sharp rise in country risk. Overall the risks to the LEONI Group described above are, from today's perspective, manageable and do not threaten the Company's continued existence.

Presentation of opportunity

The LEONI Group has the opportunity to outperform planning in numerous areas. The principal opportunities arising from both outside factors and LEONI's strategy as well as its operative strengths are presented below.

Opportunities due to outside factors

Generally speaking, LEONI has the opportunity to generate more sales in the markets targeted by **outperforming the overall market** due to the resulting increased demand. We anticipate worldwide, sustained and stable growth in the markets of most importance to us, and an especially good trajectory in the BRIC countries. In addition, a more favourable trend in commodity prices would benefit our cost-of-materials ratio and therefore our margin.

New **technological and social trends** also present LEONI with opportunity. In the automotive industry, these include the increasing significance of hybrid and electric power as well as of electrical and electronic innovations in vehicle manufacturing. The trend towards green technology and energy saving, which is playing an ever larger role in virtually all of our markets, will also exert positive effect. In general, the key global trends – of mobility, urbanisation, environmental awareness & shortage of resources, demographic change, globalisation as well as industrialisation & automation – present LEONI with additional growth opportunities in many areas.

LEONI could also benefit from amended **legislation**. For instance, a stronger call from government for environmentally friendly technologies would benefit manufacturers of corresponding products and therefore also suppliers like LEONI. Changed conditions in terms of tax could entail less tax expense and thus larger corporate profits.

Opportunities due to corporate strategy and own strengths

The LEONI Group's strategic direction and operational strengths provide the Company with opportunity to benefit more than planned from uptrends in its key markets. The following factors form the basis for this:

- In its most important markets, the LEONI Group commands **a leading position Europe-wide** and is, after implementing the resolute cost reduction programme launched during the crisis, very lean and highly efficient. Furthermore, the majority of the Company's manufacturing involving cost-sensitive products is located in low-cost regions.

- LEONI's **large international footprint** with marketing, development and production as well as its broad, international customer base enable the Company to benefit globally from favourable market developments.
- LEONI focuses sharply on **core products and markets**, has a consistently high level of expertise along the entire value chain and covers a broad portfolio of technology. The resulting strong competitive position improves our growth opportunities.
- The collaboration between our two business divisions and a **complementary value chain** create synergies that provide LEONI with potential not only to reduce costs, but also to expand. For example, our newly established Business Unit Electromobility, to which both divisions are contributing their specialist know-how, provides good opportunities in this future market.
- Our strategic targets, especially of expanding our systems as well as non-automotive business, are resolutely directed at further growth.

This provides the two divisions with the following additional, specific opportunities:

The **Wiring Systems Division**
- can, thanks to its international production network with facilities in the fast-growing markets of China, India and Russia, benefit more than average from the development of these countries. Forming the basis for this is the expected steady increase in global motor vehicle output with especially strong growth rates in the emerging markets and greater internationalisation of the European vehicle manufacturers. The systematic optimisation of its production network in line with cost leadership will also improve the division's profitability.
- has the opportunity, by way of broadened skills, to be awarded additional contracts – for example with pioneering technological developments in lightweight construction and in the components segment.
- could, with further standardisation of wiring system architecture, achieve economies of scale that would boost earnings.

In the **Wire & Cable Solutions Division** we see new business potential particularly
- in further internationalisation of our activities focussed on the Asia and NAFTA areas,
- through product, material and technology innovations above all in the fields of halogen-free and flame-retardant cables, miniaturisation, fiber optic and high frequency cables,
- through stepped up involvement in the markets for renewable energy – especially in the hydro, wind and solar industries as well as in the medical technology, mobility and sensor sectors,
- by expanding the systems business.

SWOT analysis

The table below provides an overview of LEONI's principal strengths and weaknesses:

SWOT analysis

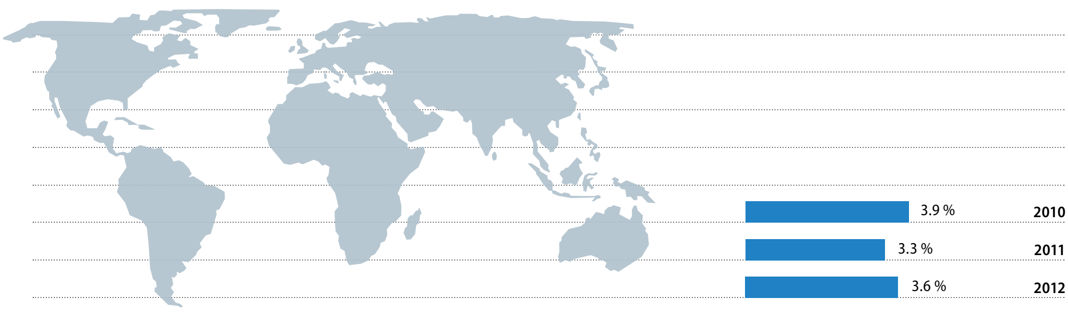
Company-specific	Market-specific
Strengths	**Opportunities**
Leading position in Europe's key markets	Steady market growth worldwide sustained over the medium term
Strong international presence with distribution, development and production	Strong market growth in the BRIC countries
End-to-end expertise along the entire value chain and a broad technology portfolio	Technological change towards hybrid and e-power
Broad, international customer base	Innovation in electrics and electronics in vehicle manufacturing
Large low-cost proportion in the cost-sensitive product segments	Trend towards "green technology" and energy saving
Sharp focus on core products and core markets	Expansion of systems business
Short decision-making channels and flat hierarchies	Expansion of non-automotive business
Weaknesses	**Threats**
Still a small share of the emerging markets (Brazil, India, Russia, China)	Heavy OEM price pressure
Heavy exposure to global automotive markets, especially Europe	Rise in raw material prices
	Trend of wages in low-cost countries
	Political risks in low-cost countries

Forecast

Macroeconomic conditions

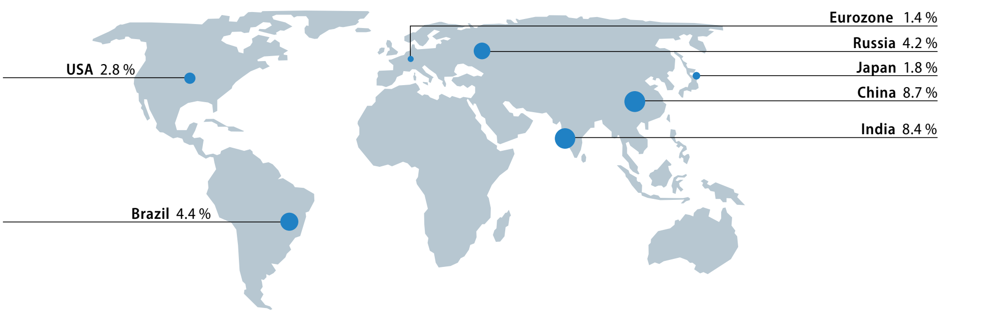
Following the surprisingly rapid and strong recovery in 2010, most economic researchers believe that the global economy, while continuing to grow, will lose some momentum in 2011. The World Bank, for instance, estimates a rate of growth in gross domestic product down from 3.9 percent to about 3.3 percent. The economic stimulus programmes that are coming to an end in many places are the main reason for these declining growth rates. The slower growth means increasing risks: according to the World Bank, it is questionable whether the business sectors especially severely affected by the crisis will be able to tackle their problems and whether unemployment can be reduced.

Real GDP growth worldwide Source: World Bank (estimate)



In regional terms, the developing and emerging countries should make the strongest gains again in 2011. For this group of countries the World Bank projects an overall increase in economic output of about 6 percent. China will again be out in front with a gain of approximately 8.7 percent, with India growing at a rate of about 8.4 percent. Latin America is expected to grow by about 4 percent. The growth rates in the developed, industrialised countries are likely to be significantly lower: the World Bank forecasts a 2.8 percent increase for the United States and one of 1.4 percent for the eurozone. In its annual economic report published in January 2011, the German federal government projected growth of 2.3 percent.

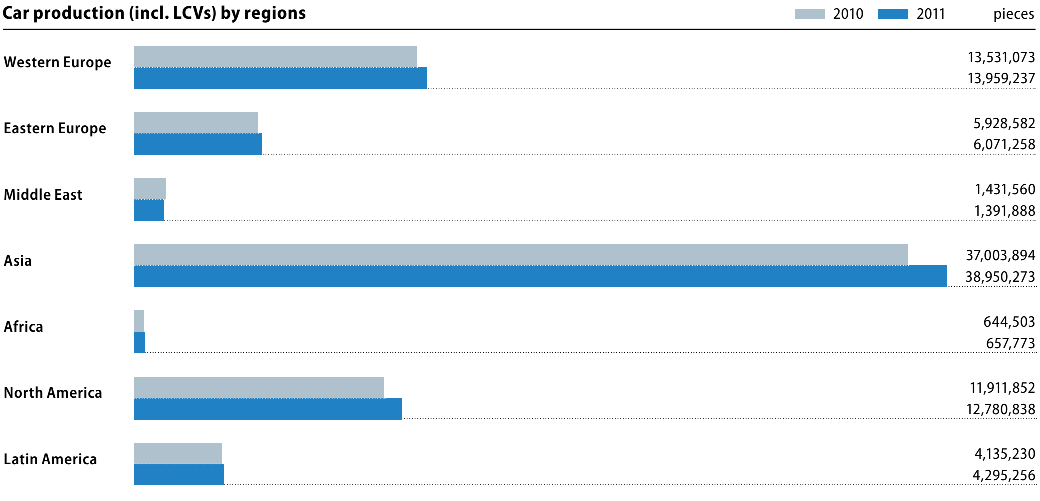
GDP growth 2011 in selected regions Source: World Bank (estimate)



Business by sector

The international **automotive industry** will probably grow again in 2011, albeit at a somewhat slower pace than in 2010. This should involve a further shift in demand towards the BRIC countries. According to forecasts of the market research institute IHS Global Insight, this year's output of cars and light commercial vehicles will come to 78.1 million units, about 5 percent more than in 2010. Production will rise above all in Asia.

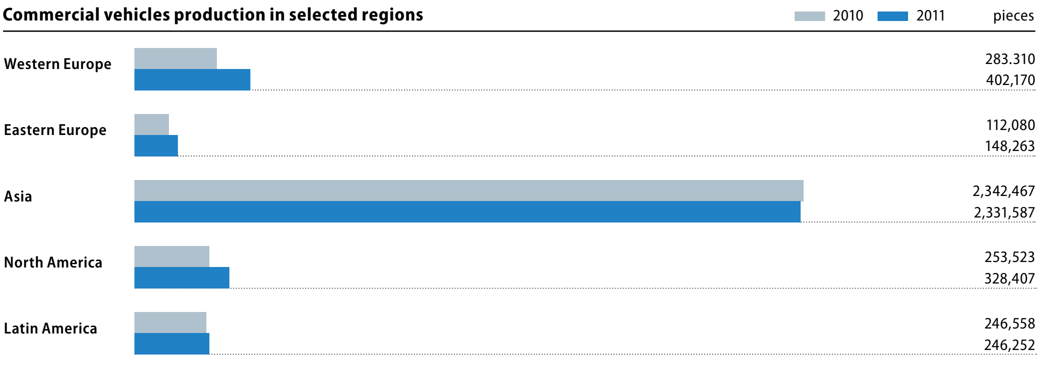
Car production (incl. LCVs) by regions



Source: IHS Global Insight, estimate

The situation in the **commercial vehicle industry** is comparable. IHS Global Insight says that, worldwide, production of heavy trucks will increase by 7 percent, with the emphasis clearly in Asia.

Commercial vehicles production in selected regions



Source: IHS Global Insight, estimate

According to its ZVEI association, the German **electrical industry** will generate a sales increase of between 7 and 8 percent. The growth drivers will be vehicle-related electrical systems, automation and the subject of energy efficiency. In the medium term, the ZVEI also regards **electromobility** as an important area. For the manufacturers of **household and electrical appliances** the association forecasts further export growth and stable domestic business for this year.

Business involving **consumer electronics** will, according to the CEA sector organisation, grow by about 10 percent this year. Here the strongest rates of increase are expected in Western Europe – ahead even of China and the United States. This forecast rise will stem above all from mobile computers and internet-capable mobile phones, and less so from conventional consumer electronics like TV sets. The BITCOM sector association says that the markets for **information technology** and **telecommunications** should grow by 5 percent – with strong momentum in the BRIC countries.

The VDMA federation of the German **mechanical engineering** sector is confident that it will see an increase in output of about 8 percent in 2011. The **medical technology industry** will be able, thanks to the demographic trend in the industrialised countries, to grow steadily according to forecasts of the Hamburg Global Economic Institute. In the emerging countries the demand for medical devices is likely to grow by at least 9 percent p.a. through to 2020, while the rate in the industrialised countries should be at least 3 percent.

There is also long-term confidence in the **solar energy sector**. The BSW-Solar industry association projects that in Germany about 10 percent of electricity demand will be covered by photovoltaic plant by 2020 despite subsidy reductions. Solar energy currently covers 2 percent of the demand. **Green technologies** will also continue to gain significance on the international level. China could assume a key role in this respect, having in its latest five-year plan for economic and social development given priority, among other things, to renewable energy and the electric car.

Business performance and future direction

The LEONI Group's business performance

LEONI will again outpace the expansion of its most important markets this year. Our very good and in many cases leading market position forms the basis for this outlook. We see particular potential in the BRIC countries as well as in the electromobility sector. From today's perspective, **consolidated sales** should rise to more than € 3.1 billion in 2011 and thus reach a new record level. Both business divisions will contribute to this with solid growth.

The principal **cost items** should increase at a lower rate than sales because we anticipate further positive economies of scale as well as the benefits of structural improvements made in the course of this year. Furthermore, there is less pre-production spending on new contracts pending for 2011, nor will there be any larger scale restructuring measures.

With respect to **consolidated earnings before interest and taxes** we forecast a significant, disproportionately strong rise to a new high of about € 170 million this year. This equates to an **EBIT margin** of about 5.5 percent.

Among the principal **assumptions** for this planning is that the markets of importance to us, especially the automotive industry, will grow as projected in 2011. We assume, furthermore, that the political situation in North Africa will normalise again and that the resulting additional costs will remain manageable. We put the copper price at € 6 to 7 per kilogramme.

The LEONI Group's targets

	Actual 2010 figures	Planned 2011 figures
Consolidated sales	€ 2955.7 million	> € 3,100 million
Consolidated EBIT	€ 130.7 million	approx. € 170 million
Return on Sales	4.4 %	approx. 5.5 %
Return on Capital Employed	13.9 %	approx. 17.0 %
Free Cash flow *	€ 50.7 million	approx. € 80 million

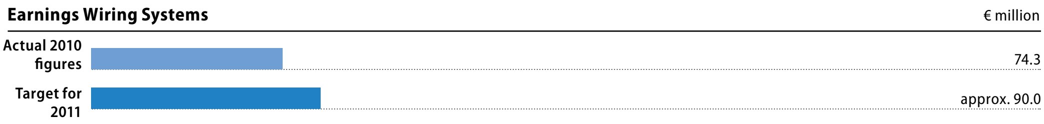
* before acquisitions

For the 2012 financial year we forecast continuation of the uptrend in both divisions and consequently also in the LEONI Group. Consolidated sales should then grow to about € 3.4 billion. We anticipate a substantial increase in earnings before interest and taxes (EBIT).

There will be no fundamental change in LEONI's **business policy** and non-financial targets in either 2011 or 2012. We will maintain our earnings-oriented growth strategy with the objective of above-average profit growth (Strategy). Our **technologies and processes** will be continuously optimised in the future, too, in order to further improve cost structures and to enhance our systems expertise. Our **dividend policy**, which in principle provides for payout of one third of net income, will likewise remain unchanged.

Strategy page 57

Business performance of the Wiring Systems Division



The Wiring Systems Division is likely to increase its external sales to about € 1.7 billion in 2011 and thus likewise generate a new high. Growth in its earnings before interest and taxes will, from today's perspective, outpace the rate of sales increase and reach € 90 million, supported by the leaner structure in place following the successfully implemented cost reduction programme. Similarly good performance can be expected in 2012.

In many of our key regional **markets** we will be able to grow substantially based on the orders already on hand from the automotive industry: sales in both China and Russia should thus roughly double by 2012. In India we expect a dynamic increase in the volume of business to an eight-digit euro figure following the start of series production. Considerable, 10 percent growth is to be expected for Europe through 2012. Along with intensively working on these existing markets, we plan to step up our activities in the Mercosur region.

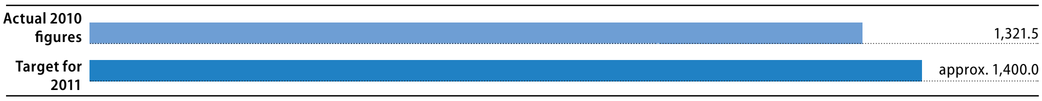
In the commercial vehicle segment, we are likely to steadily increase our sales in Europe and anticipate further recovery of business in the United States. We also want to improve our position in this segment above all in Asia.

The Wiring Systems Division's **product range** will be expanded in a targeted way in the future as well. There are plans for further additions in areas of components as well as smaller special cable harnesses, for example for antennas. From a technological perspective, the use of cross section-reduced cables will in the future play a significantly more important role. This will be due on the one hand to our customers' desire for lower weight and therefore less emission, and on the other hand to the continuously rising raw material prices, involving copper for example. In addition, we will further optimise our existing range of products and services, expand innovation management and forge ahead with process automation.

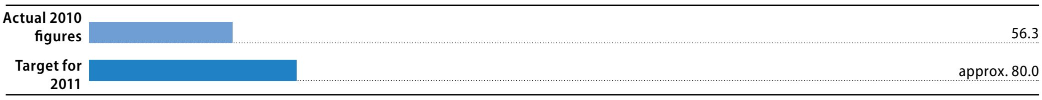
We see particularly strong potential for our cross-divisional BU **Electromobility**. We are hoping to obtain orders for two or three larger-scale projects in the area of alternative drive technologies in 2011. The corresponding sales should rise to an eight-digit euro amount by 2014. The business unit will this year develop further high-voltage applications and actively involve itself in the standardisation process for the interfaces between high-voltage cables and connectors, as these are hitherto mostly project-specific. Work is also underway on new solutions for charging infrastructure.

Wire & Cable Solutions Division

Sales Wire & Cable Solutions € million



Earnings Wire & Cable Solutions € million



The Wire & Cable Solutions Division estimates a further sales increase to about € 1.4 billion in 2011. That would put us in touch with the all-time high, which was set in 2008. Earnings before interest and taxes should, thanks to our improved efficiency, rise at a comparatively far stronger pace to about € 80 million. The uptrend is likely to continue in 2012.

The most important **sales regions** will in the future, alongside Europe and North America, include particularly China, which is steadily gaining in significance. For this reason our local presence in China is to be strongly expanded via the business area established for this purpose in 2011. We also want to step up our activity in North America, for example at our facility in Canada. Broken down by customer groups, the automotive industry remains the largest **market**, which from today's perspective will continue to perform well, while the degree of expansion is likely to normalise. We also anticipate consistently good demand from the household and electrical appliance industry. The recovery in the capital goods industry, for example in automation engineering, should continue, and the improved order situation in the project business with the petrochemical industry suggests that this market segment will also revive. We also see growth potential in the markets for green technology in which LEONI is engaged, i.e. in railway engineering, solar and wind energy as well as the whole area of electromobility.

New products and services to enhance our existing range will further improve our opportunities in these markets. The innovations that we are to unveil in 2011 include sensor and data cables for the automotive industry, fiber optic cables for sensors and measuring equipment as well as high-speed components for data transmission. We are, furthermore, working on new materials and applications for example for use in household and electrical appliance technology, the solar and wind energy sector as well as telecommunications.

Financial situation and capital spending

It is our stated goal to generate substantially positive **free cash flow** in the years ahead in order to continually reduce the LEONI Group's debt. For 2011 we project free cash flow of about € 80 million. We should thus be able to reduce our **net financial liabilities** as planned to below € 400 million.

No **refinancing measures** will be required in 2011. The planned principal payments on non-current financial liabilities amounting to about € 110 million in 2012 will be funded from operating cash flow and partly from existing balances. The measures to refinance the bond maturing in 2013 and the borrower's note loan maturing in the same year will be initiated in 2012. LEONI is planning **capital investment** in the current year totalling about € 140 to 145 million. This puts the amount about 20 percent above the level of depreciation and amortisation. The **Wiring Systems** Division is likely to account for approximately € 90 million of this amount. The division will expand its capacity in line with the existing growth prospects above all in China, Russia and India, spending a mid-eight digit euro amount in these countries over the next two years. Even so, capital expenditure has also been budgeted for Europe to cover model changeovers and new start-ups as well as replacement purchases.

The **Wire & Cable Solutions** Division's investment budget amounts to about € 50 million in 2011. Among other things, we will further expand our capacity for special cables for the automotive industry. In general, the division will forge ahead further with internationalisation.

Other performance indicators

The increasing demand for and worldwide scarcity of plastics supply is likely to result in more price increases in the **procurement area** in 2011. A veritable distribution war has been raging since the end of 2010, especially over the special insulation materials of importance to cable production. LEONI will therefore continue to systematically expand its global portfolio of suppliers in order to have sufficient raw materials for sustained growth over the next few years. In the Wiring Systems Division we shall pool our purchasing volumes especially for global contracts even more robustly in order to achieve more favourable terms.

The number of **employees** across the Group in the current financial year is likely to increase roughly in line with sales growth. We plan to recruit new staff primarily at our foreign production plants. At the wiring systems facilities in the growth areas of China, India and Russia alone we will require about 2,000 additional employees in the next two years. Yet the LEONI workforce in Germany will be enlarged to some extent as well.

To further improve our Group-wide **quality assurance**, plans for 2011 include adapting the quality management system of our Korean joint venture Daekyeung to LEONI's standards. Commitment to **environmental protection** will likewise be stepped up: for example, the Wire & Cable Solutions Division's environmental management system is from 2011 to be expanded in the area of energy efficiency to reduce consumption. A new environmental report for this division will also document the effect of our activity on nature and the measures to reduce it. LEONI will also participate in the **Carbon Disclosure Project** again in 2011. This provides us with a comparison of our CO_2 emissions with those of other companies.

General statement on future growth

The Management Board expects LEONI to continue on its course of profitable expansion in the years ahead, provided the conditions are as forecast. In regional terms, we see particular opportunities in China and Russia, and, in technological terms, above all in "green technology" – especially involving alternative vehicle drive technologies. Thanks to our leading position in numerous sectors, it should be possible for our sales to outpace the growth of our most important markets. Earnings before interest and taxes should, thanks to our cost-optimised structure, continue to improve at a disproportionately strong pace. Furthermore, the Company will from today's perspective not incur any noteworthy restructuring expenses. We are therefore getting close to our key targets – a 7 percent return on sales and a 20 percent return on capital employed. Despite an ambitious capital investment programme, we anticipate clearly positive free cash flows in the future, meaning that we will also be able to further reduce our net debt as planned.

Nuremberg, 24 February 2011
The Management Board

Dr Klaus Probst Dieter Bellé Uwe H. Lamann

Consolidated financial statements

Power cords

Our range of power cords meets the current environmental requirements such as being free of halogen and phthalates. When it comes to cordsets, LEONI has a range of high-quality products and is one of the world's leading manufacturers.

Consolidated income statement

[€ '000] under IFRS 01/01 to 31/12	Notes	2010	2009
Sales		2,955,671	2,160,117
Cost of sales		(2,438,148)	(1,882,944)
Gross profit on sales		**517,523**	**277,173**
Selling expenses		(160,516)	(144,693)
General and administration expenses		(144,312)	(123,898)
Research and development expenses		(75,927)	(71,068)
Other operating income	[6] [7]	20,735	11,909
Other operating expenses	[6]	(27,690)	(64,808)
Expenses / income from associated companies and joint ventures	[17]	911	(934)
EBIT		**130,724**	**(116,319)**
Finance revenue	[8]	786	1,899
Finance costs	[8]	(42,981)	(42,456)
Other income from share investments		1,070	(433)
Income before taxes		**89,599**	**(157,309)**
Income taxes	[9]	(22,353)	19,228
Net income / loss		**67,246**	**(138,081)**
attributable to: Equity holders of the parent		67,080	(138,137)
Non-controlling interests		166	56
Earnings per share (basic and diluted) in Euro	[29]	2.26	(5.04)
Weighted average shares outstanding (basic and diluted)	[29]	29,700,000	27,432,734

Consolidated statement of comprehensive income

[€ '000] under IFRS 01/01 to 31/12	Notes		2010		2009
Net income /loss			**67,246**		**(138,081)**
Other comprehensive income					
Cumulative translation adjustments					
Gains arising during the period		41,598		4,246	
Less reclassification adjustments included in the income statement		184		(630)	
Total cumulative translation adjustments			41,782		3,616
Available-for-sale investments					
Losses / gains arising during the period		(115)		749	
Less reclassification adjustments included in the income statement		(634)		0	
Total available-for-sale investments			(749)		749
Cash flow hedges					
Gains/losses arising during the period		3,284		(3,354)	
Less reclassification adjustments included in the income statement		(918)		25,304	
Less reclassification adjustments included in the statement of financial position		(50)		0	
Total cash flow hedges			2,316		21,950
Share in the other comprehensive income of associates and joint ventures thereof: cumulative translation adjustments € 2,806 k (previous year: € 1,341 k) Available-for-sale investments € (58 k) (previous year: nil)			2,748		1,341
Income tax relating to components of other comprehensive income	[10]		(1,056)		(3,470)
Other comprehensive income	[10]		**45,041**		**24,186**
Total comprehensive income			**112,287**		**(113,895)**
attributable to Equity holders of the parent			111,924		(113,985)
Non-controlling interests			363		90

Consolidated statement of cash flows

[€ '000] under IFRS 01/01 to 31/12	2010	2009
Net income / loss	67,246	(138,081)
Adjustments to reconcile cash provided by operating activities:		
Income taxes	22,353	(19,228)
Net interest	41,427	40,698
Dividend income	(459)	(458)
Depreciation and amortisation	110,282	111,457
Impairment of non-current assets	4,833	10,110
Other non-cash expenses and income	(911)	1,825
Gain from bargain purchases	(718)	0
Gain on disposal of non-current assets	999	171
Loss on the disposal of subsidiaries	3,112	0
Change in operating assets and liabilities, adjusted for the impact of changes in the scope of consolidation		
Change in receivables and other financial assets	(70,504)	13,770
Change in inventories	(107,930)	52,766
Change in other assets	(19,521)	(7,252)
Change in provisions	(30,837)	43,999
Change in liabilities	175,003	12,945
Income taxes paid/refund of income taxes received	(15,957)	991
Interest paid	(37,222)	(36,623)
Interest received	642	1,235
Dividends received	459	458
Cash provided by operating activities	**142,297**	**88,783**
Capital expenditures for intangible assets and property, plant and equipment	(102,053)	(88,141)
Acquisitions of subsidiaries net of cash and cash equivalents	(3,905)	(324)
thereof: Cash paid € (3,992 k) (previous year: € (426 k))		
Acquired cash and cash equivalents € 87 k (previous year: € 102 k)		
Purchase of non-controlling interests	0	(15)
Capital expenditures for other financial assets	(302)	(290)
Cash receipts from disposal of assets	4,765	1,770
Gain on the sale of available-for-sale investments	5,990	0
Income from the disposal of subsidiaries less cash and cash equivalents paid	(7)	0
thereof: Disposal proceeds € 97 k (previous year: nil)		
Cash and cash equivalents paid € 104 k (previous year: nil)		
Cash used for capital spending activities	**(95,512)**	**(87,000)**
Cash receipts from acceptance of financial debts	38,486	41,498
Cash repayments of financial debts	(36,238)	(72,003)
Sale of own shares	0	40,237
Dividends paid by LEONI AG	0	(5,346)
Dividend payment non-controlling interests	(198)	0
Cash provided by financing activities	**2,050**	**4,386**
Decrease in cash and cash equivalents	48,835	6,169
Currency adjustment	4,321	1,246
Cash and cash equivalents at beginning of period	141,087	133,672
Cash and cash equivalents at end of period	194,243	141,087

Consolidated statement of financial position

Assets [€ '000] under IFRS	Notes	31/12/2010	31/12/2009
Cash and cash equivalents		194,243	141,087
Trade accounts receivable and other financial assets	[11]	404,762	336,048*
Other assets	[12]	77,806	60,093
Receivables from income taxes		7,492	12,307
Inventories	[13]	402,001	294,538
Total current assets		**1,086,304**	**844,073**
Property, plant and equipment	[14]	585,613	554,144
Intangible assets	[15]	73,194	92,395
Goodwill	[16]	150,810	150,028
Shares in associated companies and joint ventures	[17]	29,695	26,060
Trade receivables from long-term development contracts	[11]	38,445	38,063*
Other financial assets	[18]	5,670	10,979
Deferred taxes	[9]	34,348	27,671
Other assets	[19]	13,299	11,563
Total non-current assets		**931,074**	**910,903**
Total assets		**2,017,378**	**1,754,976**

Equity and liabilities [€ '000] under IFRS	Notes	31/12/2010	31/12/2009
Current financial debts and current proportion of long-term financial debts	[20]	48,974	56,894
Trade accounts payable and other financial liabilities	[21]	533,805	402,217
Income taxes payable		32,042	27,142
Other current liabilities	[22]	123,026	103,567
Provisions	[23]	53,677	74,169
Total current liabilities		**791,524**	**663,989**
Long-term financial debts	[20]	589,827	579,560
Long-term financial liabilities		16,269	16,704
Other non-current liabilities		18,592	3,877
Pension provisions	[24]	43,144	49,631
Other provisions	[23]	28,404	27,554
Deferred taxes	[9]	48,458	44,535
Total non-current liabilities		**744,694**	**721,861**
Share capital	[25]	29,700	29,700
Additional paid-in capital	[25]	181,961	181,961
Retained earnings	[25]	237,718	170,638
Accumulated other comprehensive income		30,751	(14,093)
Equity holders of the parent		480,130	368,206
Non-controlling interests	[25]	1,030	920
Total equity		**481,160**	**369,126**
Total equity and liabilities		**2,017,378**	**1,754,976**

* The previous year's benchmark figures have been adjusted. See Note 2 in the explanatory notes.

Consolidated statement of changes in equity

[€ '000]	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Accumulated other comprehensive income: Cumulative translation adjustments	Accumulated other comprehensive income: Available-for-sale investments	Accumulated other comprehensive income: Cash flow hedges	Equity holders of the parent	Non-controlling interests	Total
1 January 2009	**29,700**	**170,381**	**(29,095)**	**314,121**	**(8,166)**	**0**	**(30,079)**	**446,862**	**826**	**447,688**
Net loss				(138,137)				(138,137)	56	(138,081)
Other comprehensive income					5,152	749	18,251	24,152	34	24,186
Total comprehensive income								*(113,985)*	*90*	*(113,895)*
Disposal of own shares		11,580	29,095					40,675		40,675
Dividend payment				(5,346)				(5,346)		(5,346)
Disposal of non-controlling interests									4	4
31 December 2009	**29,700**	**181,961**	**0**	**170,638**	**(3,014)**	**749**	**(11,828)**	**368,206**	**920**	**369,126**
1 January 2010	**29,700**	**181,961**	**0**	**170,638**	**(3,014)**	**749**	**(11,828)**	**368,206**	**920**	**369,126**
Net income				67,080				67,080	166	67,246
Other comprehensive income					44,207	(807)	1,444	44,844	197	45,041
Total comprehensive income								*111,924*	*363*	*112,287*
Dividend payment								0	(198)	(198)
Disposal of non-controlling interests									(55)	(55)
31 December 2010	**29,700**	**181,961**	**0**	**237,718**	**41,193**	**(58)**	**(10,384)**	**480,130**	**1,030**	**481,160**

LEONI AG Notes

[1] General principles

LEONI AG („LEONI", the „Group" or the „Company") was founded in Germany under the name of Leonische Werke Roth-Nürnberg, Aktiengesellschaft by an agreement dated 23 April 1917 and was entered in the commercial register on 2 February 1918. LEONI AG is registered with the District Court of Nuremberg under number HRB 202. The Company is based in Nuremberg, at Marienstrasse 7. The Group's principal activities are described in Note 28.

These consolidated financial statements of LEONI AG have been prepared based on Section 315a of the German Commercial Code (HGB – "Consolidated Financial Statements pursuant to the International Financial Reporting Standards") in accordance with the International Financial Reporting Standards (IFRS) and the associated interpretations (SIC/IFRIC interpretations) as obliged to by Directive (EU) no. 1606/2002 of the European Parliament and of the Council concerning the adoption of international accounting standards in the European Union. The term IFRS also covers the still valid International Accounting Standards (IAS).

LEONI's consolidated financial statements on 31 December 2010 have been prepared in euros. Except where stated otherwise, all amounts are presented in thousands of euros ("€ k"). The balance sheet is structured by term, while the income statement is prepared using the function of expense method. The statement of comprehensive income is issued in two related presentations. Where the balance sheet and income statement items are summarised to improve clarity of presentation, they are shown separately in the Notes.

The accounting and valuation methods applied in the consolidated financial statements on 31 December 2010 are in line with those of the previous year with the exception of the new IFRS requirements applied for the first time in the 2010 financial year. These are explained under Note 3.

The Management Board on 24 February 2011 authorised the presented consolidated financial statements for the year ended 31 December 2010 for submission to the Supervisory Board.

The consolidated financial statements will be published in the electronic Federal Gazette (Bundesanzeiger) under number HRB 202.

[2] Principles of consolidation as well as summary of key accounting and valuation methods

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of LEONI AG and of all subsidiaries that are either directly or indirectly controlled by LEONI AG. There is control when LEONI AG holds, either directly or indirectly, the majority of the voting rights or in other ways has the power to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the time of acquisition, i.e. from the time when the Group has acquired control over the subsidiary. Inclusion in the consolidated financial statements ends as soon as LEONI no longer has control. A change in the ownership share of a subsidiary is, without loss of control, accounted for as an equity transaction. Losses are allocated to the non-controlling interests even when this results in a negative balance.

The financial statements of the subsidiaries are prepared using uniform accounting policies on the same balance sheet date as the financial statements of the parent company. All intercompany balances, income, expenses as well as unrealised profits, losses and dividends from intercompany transactions are eliminated in full.

From 1 January 2010, all business combinations are accounted for using the acquisition method based on applying the requirements of the revised IFRS 3 (2008). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of a contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill arises and is upon initial consolidation measured at cost if the consideration transferred and the amount recognised for non-controlling interest exceeds the net identifiable assets acquired and liabilities assumed. If this transferred consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After goodwill is first accounted for, it is tested for impairment according to IAS 36 at least once a year, which may lead to an impairment loss (impairment-only approach).

Up to 31 December 2009, business combinations and their consolidation were presented according to the requirements of IFRS 3 (2004) and IAS 27 (2003) applicable until that time. In comparison with the requirements described above, which were prospectively applied in the year under report, the following differences applied:

Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

The non-controlling interest – formerly known as minority interest – was measured at fair value according to the proportionate share of the acquired subsidiary's identifiable net assets. Goodwill was not extrapolated to non-controlling interests, i.e. it was presented only to the extent that it applies to the Group.

Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these.

When acquiring non-controlling interests, the difference between the purchase price paid and the carrying amount attributable to the fair value of these net assets was, according to the parent-entity extension method, shown as goodwill.

Upon loss of control, the investment retained was accounted for at its proportionate share of net asset value at the date control was lost.

Shares in associated companies and joint ventures

It is an associated business when LEONI can exert significant influence over its operating and financial policies, which is in principle the case when between 20 and 50 percent of the voting rights are held.

A joint venture involves the establishment of a separate company in which each venturer has an interest. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Shares in associated companies and in joint venture companies are accounted for under the equity method. The shares are valued with their purchase price on the acquisition date, which is increased or reduced respectively in the subsequent periods for any changes in net assets of the company such as the proportionate share of net income or loss and by received dividends. The proportionate net income or loss is determined using the accounting policies described in this Note. In line with the treatment of fully consolidated subsidiaries, the goodwill included in the carrying amount of companies accounted for under the equity method are no longer amortised either. Instead of a test for impairment of equity method goodwill, the whole investment accounted for under the equity method is reviewed for impairment according to IAS 36, provided there are indications of additional impairment loss. The Group determines on each balance sheet date whether there are objectively discernible indications that the investment in an associated company or joint venture might be impaired. If this is the case, the difference between the fair value of the investment and the carrying amount is expensed as an impairment loss.

The financial statements of the associates and of the joint ventures are prepared using uniform accounting policies on the same balance sheet date as the financial statements of the parent company.

Foreign currency translation

These consolidated financial statements are prepared in the presentation currency, the euro, which is the functional currency of the group parent company, LEONI AG. The financial statements of the foreign subsidiaries included in the consolidated financial statements with a functional currency other than the euro, are, under IAS 21, translated into the Group currency, the euro, according to the functional currency concept. The functional currency of the individual subsidiaries is the currency of the primary economic environment in which the company operates. The financial statements prepared in the respective functional currency of the subsidiary are translated using the closing rate method, i.e. the assets and liabilities are translated from the functional currency to the presentation currency at the closing exchange rate on the balance sheet date, while the statements of income are translated using annual average exchange rates (arithmetic average of the monthly average exchange rates). Any differences arising from the translation of assets and liabilities compared with the previous year's translation as well as translation differences between the income statement and the statement of financial position are recorded in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences in the other comprehensive income relating to that foreign operation is recognised in the income statement when the gain or loss on disposal is recognised.

A foreign currency transaction, i.e. a transaction entered into by a consolidated company in a currency other than its functional currency, is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. In the subsequent periods monetary assets and liabilities are revalued using the closing rate at each balance sheet date. The resulting currency differences are recorded in the income statement. Non-monetary items are still carried at the transaction rate, or, if they are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange gains or losses that arise from measurement of monetary, principally intra-group items are allocated to operating income (EBIT) to the extent that they involve exchange gains or losses directly related to an operating transaction.

The exchange rates of the companies material to the consolidated financial statements have changed as follows:

Average exchange rate at balance sheet date [1 euro in foreign currency units]

Country	Currency	ISO Code	31/12/2010	31/12/2009
Brazil	Real	BRL	2.21020	2.49940
China	Renminbi Yuan	CNY	8.76970	9.76600
United Kingdom	Pound	GBP	0.86300	0.89320
Korea	Won	KRW	1507.24140	1675.10880
Mexico	Peso	MXN	16.44800	18.63760
Poland	Zloty	PLN	3.96750	4.13200
Romania	Leu	RON	4.28900	4.23930
Switzerland	Franc	CHF	1.24420	1.48860
USA	Dollar	USD	1.32820	1.43030

Annual average exchange rate [1 euro in foreign currency units]

Country	Currency	ISO Code	31/12/2010	31/12/2009
Brazil	Real	BRL	2.33723	2.80269
China	Renminbi Yuan	CNY	8.99697	9.53411
United Kingdom	Pound	GBP	0.86021	0.89600
Korea	Won	KRW	1542.32635	1771.12910
Mexico	Peso	MXN	16.83622	18.91978
Poland	Zloty	PLN	4.00295	4.33855
Romania	Leu	RON	4.21945	4.21812
Switzerland	Franc	CHF	1.37849	1.50712
USA	Dollar	USD	1.32967	1.39567

Revenue recognition

Revenues are generated mainly from the sale of products. Pursuant to IAS 18, sales revenues are generally recognised net of value added tax (VAT) upon delivery of products to the customer or upon fulfilment of service contracts. Delivery has occurred when the risks and rewards associated with ownership have been transferred to the buyer. Provisions for customer rebates and discounts as well as for returns and other adjustments are provided for in the same period the related sales are recognised. Fulfilment of service contracts occurs when substantially all performance obligations have been met. In the case of long-term development contracts, revenues are recognised according to the stage of completion provided that the contracts meet the conditions for applying the percentage-of-completion method pursuant to IAS 11. This applies to the development contracts described below.

Interest income is recognised as interest accrues. By using the effective interest rate method this means that the interest income recognised is the amount produced by using the effective interest rate. This is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholder's right to receive payment is established.

Research and development costs

Research costs are expensed as incurred.

Development costs are expensed as incurred unless they relate to customer-specific development contracts accounted for pursuant to IAS 11, or they meet the criteria of IAS 38 for capitalisation as an intangible asset. Pursuant to IAS 11 for customer-specific development contracts that meet the corresponding conditions the percentage-of-completion method is applied. The capitalised amount, where payment is expected after more than one year, is disclosed under trade receivables from long-term development contracts. The current proportion is contained in trade receivables. The percentage of completion is determined according to the ratio of total costs to costs incurred (cost-to-cost method). The income from development contracts is reported under sales in the income statement.

Government grants

A government grant is recognised when there is sufficient assurance that the grant will be received and that the enterprise will comply with the conditions attaching to it. Expense-related grants are recognised as income on a systematic basis over the periods necessary to match them with the associated costs. Grants for an asset are deducted from the cost of the asset.

Inventories

Inventories encompass raw materials, production supplies and goods purchased as well as work in progress and finished goods. They are stated at the lower of cost and the net realisable value. Raw materials, production supplies as well as goods purchased are evaluated at cost using the weighted average cost formula or at the lower net realisable value on the balance sheet date. The net realisable value is computed based on the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of conversion of work in progress and finished products comprise, alongside the direct costs of production material and production wages, proportionate material and production overhead costs based on standard capacity.

Non-current assets held for sale

A non-current asset, or a disposal group, is classified as held for sale if the related carrying amount is realised mainly by a sale transaction and not by continued use, and if the criteria pursuant to IFRS 5 in this regard are met. If non-current assets or a disposal group are classified as held for sale, depreciation is ceased and the Company determines the fair value of such assets. If the fair value of the assets held for sale or the disposal group, less the selling costs, is less than the net carrying amount of the assets, a write-down is made on the fair value, less the selling costs. If the disposal plan changes and the criteria pursuant to IFRS 5 for an asset or disposal group that were classified as held for sale are no longer met, they are no longer presented separately but reclassified to the balance sheet item where they were originally recorded. They are valued at the lower of the carrying amount before the asset or disposal group was classified as held for sale (as adjusted for any subsequent depreciation, amortisation or revaluation that would have been recorded without classification as held for sale) and their recoverable amount at the date of the decision not to sell.

Property, plant and equipment

Property, plant and equipment is, upon initial recognition, valued at cost. Attributable borrowing costs are capitalised as part of the cost of a qualifying asset pursuant to IAS 23. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Government grants for capital investments reduce the cost of those assets for which the grant was awarded. In the subsequent periods, property, plant and equipment is carried at cost less accumulated depreciation. It is depreciated over its probable economic life. Immovable assets are mostly depreciated on a straight-line basis and movable assets are, depending on their type of use, depreciated using either the straight-line method or, if so required by their actual use, the declining method. When carrying out larger-scale maintenance, the costs are recognised in the carrying amount of the item of property, plant or equipment, provided that recognition criteria are met.

The following useful lives are assumed for depreciation:

Buildings and facilities	max. 50 years
Machinery and equipment	max. 12 years
Factory and office equipment	2 – 10 years
Computer hardware	3 – 5 years

Leased installations are depreciated on a straight-line basis over the respective shorter period of the term of the lease or the estimated ordinary useful life.

A property, plant or equipment is derecognised either when it is disposed of or when no further economic benefit is to be expected from either the use or disposal of the asset. The gains or losses resulting from derecognition are determined as the difference between the net disposal proceeds and the carrying amount and are, in the period in which the asset is derecognised, recorded in the income statement.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of the financial year, and if necessary adjusted.

Leases

Leases are classified as either finance or operating. Leasing transactions whereby LEONI is the lessee and bears all substantial risks and rewards typical of ownership from use of the leased asset are accounted for as finance leases. Accordingly, the lessee capitalises the leased asset and records the corresponding lease obligation in the statement of financial position at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The leased asset is depreciated over its economic life. If there is no reasonable certainty at the beginning of the lease that the Group will obtain ownership, the leased asset is depreciated in full over the shorter of the two periods of the expected useful life and the term of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. All other leasing agreements entered into by LEONI, as a lessee, are accounted for as operating leases. The lease payments are expensed on a straight-line basis over the lease term.

Whether an arrangement contains a lease is determined on the basis of the arrangement's economic substance at the time it was concluded and requires an assessment whether meeting the contractual arrangement depends on the use of a certain asset or certain assets and whether the arrangement gives the right to use the asset. For arrangements entered into before 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Intangible assets

Intangible assets comprise patents, software, licenses and similar rights, as well as customer relationships, brands, technology and production know-how acquired in the context of business combinations. An intangible asset that results from development expenditure is capitalised if a newly developed product or process can be clearly defined, is technically feasible and is intended for either own use or for sale. Capitalisation also assumes that the development expenses can with a sufficient degree of likelihood be covered with future inflow of cash and cash equivalents and the other IAS 38.57 criteria are met.

Intangible assets acquired separately are, upon initial recognition, valued at cost. The costs of intangible assets acquired as part of business combinations equal their fair values as at the date of acquisition. In the subsequent periods, intangible assets are carried at their cost less any accumulated depreciation and any accumulated impairment losses. Measurement in the subsequent periods should differentiate between intangible assets with a finite useful life and with an indefinite useful life.

According to IAS 38, intangible assets with a finite useful life must be amortised over their useful life. The Company therefore, in accordance with these requirements, amortises delivery rights and development costs capitalised as assets either corresponding to expected sales or on a straight-line basis and amortises other intangible assets with a finite useful life on a straight-line basis over their useful lives to their estimated residual values, which is normally nil. Other intangible assets with a finite useful life are mainly software licenses with an estimated useful life of 3 years as well as customer relationships with useful lives of 3 to 19 years as well as technology and production know-how with a useful life of 6 to 15 years, in both cases acquired in the context of business combinations. The amortisation method and the amortisation period for an intangible asset with a finite useful life are reviewed, at least, at the end of each financial year. Any changes to the amortisation method and the amortisation period due to revision of the expected useful life or the expected use of the asset's future economic benefit are treated as changes in estimates.

According to IAS 38, intangible assets with an indefinite useful life have no longer been amortised; instead such intangible assets must, according to IAS 36, be reviewed for impairment at least annually and written down to their lower recoverable amount. The review is carried out as at 31 October of each year according to the same principles as in the case of goodwill. The remarks below therefore apply accordingly.

Intangible assets with an indefinite useful life are reviewed once a year to determine whether the estimate of assessment of an indefinite useful life is still justified. If this is not the case, the assessment is prospectively changed from an indefinite to a definite useful life. LEONI recorded brands acquired in the context of business combinations as intangible assets with an indefinite useful life.

Intangible assets are derecognised when they are disposed of or when no further economic benefit is to be expected from either their use or disposal.

Goodwill

Goodwill from a business combination is, upon initial recognition, measured at cost calculated as the excess of the transferred consideration over the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at the acquisition cost less any accumulated impairment losses.

Goodwill is not amortised; instead it is in line with the requirements of IAS 36 reviewed for impairment at least annually. The Group reviews the goodwill for impairment annually as at 31 October. A review also takes place if events or circumstances indicate that there might be an impairment loss. For the purpose of the impairment test, goodwill acquired in the context of a business combination is, from the acquisition date, to be allocated to the Group's cash-generating units expected to benefit from the synergies of the business combination. This applies regardless of whether other assets or liabilities of the acquired business are allocated to these cash-generating units. Goodwill is tested at the level of the cash-generating unit to which it is allocated by comparing the carrying amount of the cash-generating unit or units with the recoverable amount. Impairment has occurred if the carrying amount exceeds the recoverable amount, requiring a write-down to the recoverable amount. The recoverable amount corresponds to the higher of the two amounts from the fair value less cost to sell and value in use. The value in use of a cash-generating unit is defined as the present value of projected cash flows to the Company from the cash-generating unit. To determine the value in use, the projected cash flows are discounted at their present value based on a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. An appropriate valuation model is applied to determine the fair value less cost to sell. This is based on valuation multiples, discounted cash-flow valuation models, stock market prices and other available indicators of the fair value.

Later reversal based on disappearance of the reason for a goodwill impairment recorded in previous financial years or interim reporting periods is not permitted.

Impairment testing of intangible assets with a finite life and of property, plant and equipment

An assessment is made at each balance sheet date whether there are any indications that an impairment loss may have occurred. If there are such indications, the recoverable amount of the asset is determined and compared with its carrying amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised on the lower recoverable amount. The recoverable amount is the higher of the two amounts from the fair value less cost to sell and value in use. The latter is the present value of future cash flows that can probably be derived from the asset. To determine the value in use, the projected cash flows are discounted at their present value based on a discount rate before tax that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit. An appropriate valuation model is applied to determine the fair value less cost to sell. This is based on valuation multiples, discounted cash-flow valuation models, stock market prices or market values and other available indicators of the fair value.

If specific cash flows generated largely independently from other assets or groups of assets cannot be allocated to the individual assets, they are tested for impairment based on the smallest, overriding cash-generating unit of assets.
If the reasons for applying the impairment charge have disappeared, the write-down on the asset is reversed. Such reversal is limited to the amount that would have resulted when taking amortisation or depreciation into account.

Regardless of whether there is evidence of impairment, a corresponding test for impairment is applied once a year to both intangible assets that are not yet ready for use and intangible assets with an indefinite useful life.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments recorded as either financial assets or financial liabilities are as a matter of principle presented separately. They are reported on a net basis only where a right of set-off with respect to the amounts exists at the present time and it is intended to settle net.

Financial instruments are recognised as soon as LEONI becomes a contracting party to the financial instrument. In the case of regular way purchases or sales in the context of a contract whose conditions provide for the asset to be delivered within a period of time that is normally determined by the rules or conventions of the respective market, the settlement date, i.e. the date on which the asset is supplied to or by LEONI, is pertinent to initial recognition as well as derecognition.

Financial assets comprise in particular cash and cash equivalents, trade receivables as well as other originated loans and receivables, financial instruments held to maturity as well as both primary and derivative financial assets held for trading purposes.

Financial liabilities normally provide a claim for return in cash or another financial asset. These comprise particularly bonds and other securitised liabilities, trade liabilities, liabilities to banks, liabilities under finance leases, borrower's note loans and derivative financial liabilities.

Financial assets are derecognised when one of the three following conditions is met:

- The contractual rights to receive the cash flows from a financial asset are extinguished.
- Although the Group retains the rights to receive the cash flows from financial assets, it assumes a contractual obligation to immediately pay the cash flows to a third party in the context of an agreement that meets the requirements of IAS 39.19 ("pass-through arrangement").
- The Group has transferred its contractual rights to receive the cash flows from a financial asset and substantially all the risks and rewards incident to ownership of the financial asset have thereby been transferred, or alternatively when control of the financial asset has been transferred.

Cash receipts from the sale of receivables that were not yet passed on to the buyer of the receivables on the balance sheet date are reported under other financial liabilities.

Financial liabilities are derecognised when the obligation underlying the liability has been met, terminated or extinguished.

Financial instruments are initially recognised at their fair value. The assumption or issue of directly attributable transaction costs is considered when determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

For subsequent measurement the financial instruments are allocated to one of the measurement categories listed in IAS 39 to which they are designated at the time of their initial recognition.

Financial assets

Financial assets are divided into the following categories:

- *Financial assets at fair value through profit or loss*

  This category comprises financial assets held for trading (FAHft) and financial assets that were, upon initial recognition, designated as financial assets at fair value through profit or loss (FVtPL). Financial assets are classified as held for trading if they are acquired and held with a view to disposal in the near future. Derivatives, including embedded derivatives recognised separately, are also classified as held for trading with the exception of such derivatives that were designated as a hedging instrument and are effective as such.

  Gains or losses on financial assets of this category are recognised with effect on earnings.

  Neither in the 2010 financial year nor in the previous year did the Company classify any primary financial assets as held for trading, nor did it make use of the option to designate financial assets at fair value through profit or loss upon their initial recognition.

- *Held-to-maturity investments*

  Held-to-maturity investments (HtM) are non-derivative financial assets with fixed or determinable payments and fixed maturity that an enterprise has the positive intent and ability to hold to maturity. They are measured at amortised cost using the effective interest rate method. Gains or losses are recognised in net profit or loss when the financial asset is derecognised or impaired, as well as through the amortisation process.

  The Group had financial assets of this category in neither fiscal 2010 nor the previous year.

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

Valuation allowances are made when receivables are uncollectible or probably uncollectible and a reliable estimate of the valuation allowance can be made. There is need for valuation allowance when there are objectively discernable indications such as receivables overdue for a prolonged period, initiation of foreclosure measures, looming default or overindebtedness as well as insolvency proceedings having been applied for or commenced. Trade receivables with usual payment terms, which normally do not exceed twelve months, are therefore recognised at the nominal amount, less appropriate allowances. Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year are discounted with the discount subsequently amortised to interest income over the term of the receivable. Impairment of trade receivables as well as receivables from long-term development contracts is recognised in separate impairment accounts. Impairment losses of all other financial assets are recognised directly. Gains or losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

- *Available-for-sale financial assets*
  Available-for-sale financial assets (AfS) are non-derivative financial assets that are designated as available for sale and are not classified in one of the aforementioned categories. They must be measured at their fair value. The gains or losses resulting from valuation at fair value are recorded separately as accumulated other comprehensive income within equity. If there are significant loss events or, in the case of equity instruments, losses ongoing over a longer period, this will be expensed accordingly in the income statement. The Group assumes there to be a significant loss event involving impairment of more than 20 percent and prolonged decline in value of equity instruments to be probable when there has been continued loss in value over a period of 12 months. Later reversals of impairment on available-for-sale financial assets are as a matter of principle recorded as accumulated other comprehensive income. Only in the case of debt instruments are reversals recognised in the income statement up to the original amount of impairment, with any amounts above that recorded as accumulated other comprehensive income. Provided that there is no quoted market price in an active market for investments in equity instruments and that their fair value cannot be reliably measured, they are carried at acquisitions cost. A write-down to the present value of the future cash flows is made in the case of a decline in value other than temporary.

Financial liabilities

Financial liabilities that fall into the category of "financial assets at fair value through profit or loss" are also carried at fair value in the subsequent periods with the resulting gains or losses recognised in the income statement.

This category comprises financial liabilities held for trading (FLHfT) as well as liabilities that were, upon initial recognition, designated as financial liabilities at fair value through profit or loss (FVtPL). Financial liabilities are classified as held for trading if they are acquired and held with a view to disposal in the near future. Derivatives, including embedded derivatives recognised separately, are also classified as held for trading with the exception of such derivatives that were designated as a hedging instrument and are effective as such.

Neither in the 2010 financial year nor in the previous did the Company classify any primary financial liabilities as held for trading, nor did it make use of the option to designate financial liabilities at fair value through profit or loss (FVtPL) upon their initial recognition.

All financial liabilities that do not fall into this category and are not derivative financial instruments are measured at amortised cost using the effective interest rate method (Financial Liabilities at Amortised Cost – FLAC). In the case of current liabilities, the amortised cost corresponds to either their repayment or settlement value. Gains or losses are recognised in the income statement when the liabilities are derecognised or amortised.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques and immediately disposable bank deposits with an original maturity of three months or less. Cash is recognised at par value.

Derivative financial instruments and hedging activities

Derivative financial instruments entered into by the LEONI Group are recorded at their fair value on the balance sheet date. Depending on their maturity, derivatives with a positive fair value are reported as current or non-current other financial assets and derivates with a negative fair value are reported as current or non-current other financial liabilities. In general, the Group recognises the changes in fair value of derivative financial instruments as earnings. However, the Group records changes in fair value of foreign currency derivatives used to hedge anticipated foreign currency-denominated cash flows on firm commitments and forecast transactions in accumulated other comprehensive income until the hedged item is recognised in earnings when the requirements of the standard to apply cash flow hedge accounting are met. The reclassification from accumulated other comprehensive income into earnings occurs in the same period as the underlying transaction takes place and has effect on net income. The ineffective portions of the fair value changes of those derivatives are recognised in earnings immediately. The fair value changes of interest rate derivatives designated to hedge non-current liabilities subject to interest rate fluctuation are also recognised in accumulated other comprehensive or directly in equity if they meet the requirements to apply cash flow hedge accounting. The amounts recorded in other comprehensive income subsequently lead to the interest expenditure from the relevant underlying transaction recorded in the income statement being balanced.

Commodity future transactions that are settled in cash are recognised as derivatives, changes in the fair value of which are recognised in the cost of sales.

Contracts entered into for the purpose of receipt or supply of non-financial items according to the Group's expected purchase, sale or usage requirements and held as such (own use contracts) are reported not as derivative financial instruments but as pending transactions.

If contracts contain embedded derivatives, such derivatives are reported separately from the host contract when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The review whether a contract contains an embedded derivative that must be reported separately from the host contract is made at the time when the Company became a contracting party. A reassessment is made only when there are major changes to the terms of the contract that result in a significant change to the cash flows.

Accruals
Accruals are also reported under liabilities. Accruals are liabilities to pay for goods or services that have been received but have not been paid or invoiced by the supplier.

Pension and other post-employment benefits
The valuation of defined-benefit pension obligations is based upon actuarial computations using the projected-unit-credit method in accordance with IAS 19. Changes in the actuarial assumptions or differences between the actual development and the original assumptions as well as gains or losses on the pension plan or plan assets (actuarial gains or losses) as a difference between the actual and expected return on plan assets are amortised over the average remaining service period of active employees expected to receive benefits under the plan, if a corridor of 10 percent of the present value of defined benefit obligation (DBO) or the fair value of plan assets is exceeded. Past service cost is expensed on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a pension plan, an enterprise should recognise past service cost immediately.

The amount recognised as a defined benefit asset or liability comprises the present value of the defined benefit obligation, adjusted by the actuarial gains or losses not yet recognised, less the past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of a defined benefit asset is limited to the sum of previously unrecognised past service cost and any the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The interest costs relating to retirement benefit obligations as well as the expected return on plan assets are presented under finance costs.

Other provisions

Other provisions are recorded when a present legal or constructive obligation to a third party has been incurred from past events, the payment is probable and the amount can be reasonably estimated. So far as the Group expects repayment for an accrued provision at least in part for example from an insurance policy, such repayment is recognised as a separate asset provided the inflow of the repayment is virtually certain. The provisions are valued according to IAS 37 with the best estimate of the amount of the obligation. Where provisions do not become due until after one year and a reliable estimate of the payment amounts and dates is possible, the present value for the non-current proportion is determined on a discounted basis. Accrued interest is recognised under interest expense.

Obligations to dispose of an asset and to re-cultivate its site or similar obligations must be recognised as a component of acquisition and production costs and simultaneously recognised as a provision. In the subsequent periods this amount added to the asset is to be depreciated over its residual useful life. The best possible estimate of the payment obligation or provision is accreted to its present value at the end of each period.

Restructuring provisions are recognised when the constructive obligation has arisen according to the criteria under IAS 37.72.

Accruals are not reported under provisions, but rather under liabilities.

Restructuring cost

Costs incurred in connection with restructuring measures are presented in other operating expenses because such costs do not pertain to the general operating activity of the functional areas and this provides a transparent picture of the Group's restructuring activity. A breakdown of this cost according to the functional areas shown on the income statement is contained in Note 6.

Income taxes

The current tax assets and tax liabilities for the current and prior periods are measured at the amount expected to be recovered from the taxation authority or paid to the taxation authority. Calculation of the amount is based on the tax rates and tax laws in force on the balance sheet date.

Deferred tax is, pursuant to IAS 12, formed according to the balance sheet liability method. This provides that tax assets and liabilities for all temporary differences, apart from the exceptions under IAS 12.15, IAS 12.24, IAS 12.39 and IAS 12.44, between the carrying amount in the statement of financial position and the amount for tax purposes as well as for tax loss carryforwards are recognised (temporary concept). Deferred taxes are measured using the currently enacted tax rates in effect during the periods in which the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax law is recognised in the period that the law is enacted. Deferred tax assets are applied only to the extent that it is more likely than not that the tax benefit will be realised. The deferred tax assets and those not recognised are reviewed in this regard on each balance sheet date.

Deferred tax assets and liabilities are offset if they relate to income taxes levied by the same taxation authority and the Group has a legally enforceable right to set off current tax assets against current tax liabilities.

Income taxes referring to items that are recognised in other comprehensive income are also recognised in other comprehensive income and not in the income statement.

Earnings per Share

Earnings per share are computed in accordance with IAS 33, Earnings per Share. The basic earnings per share are computed by dividing consolidated net income due to the LEONI shareholders by the weighted average of the number of ordinary shares outstanding during the relevant period. The diluted earnings per share are computed by dividing consolidated net income attributable to the LEONI shareholders by the total of the weighted average number of ordinary shares outstanding, plus the weighted average number of securities that can be converted into ordinary shares. There was no dilution in the reporting periods presented.

Statement of cash flows

The statement of cash flows is classified by operating, investing and financing activities in accordance with IAS 7. This involves cash flows from operating activities being determined by the indirect method whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Undistributed income from entities valued under the equity method is principally reported under "other non-cash expenses and income". Interest paid and interest and dividends received are classified as cash flows from operating activities. Dividends paid are classified as a financing cash flow. The cash holdings comprise cash and cash equivalents. These include cash in hand, cheques and immediately disposable bank deposits with an original maturity of up to three months. The effect of exchange rate-related changes in value on cash and cash equivalents is presented separately so that the cash and equivalents at the beginning and end of the period can be reconciled.

Segment reporting

Segment reporting is based on the accounting standard IFRS 8, Operating Segments, following the management approach contained therein, which provides for reporting based on the internal organisational and reporting structure as well as what management uses internally for evaluating segment performance. The segment reporting and designation therefore follows the internal organisational and reporting structure of the Group. The Group is organised into business units by products and services for the purpose of corporate governance. The Group therefore has two segments subject to reporting: Wire & Cable Solutions and Wiring Systems. Management monitors the earnings before interest and taxes (EBIT) separately to take decisions on allocation of resources and to determine the profitability of the segments. The EBIT is ascertained in line with the accounting and valuation principles of the consolidated financial statements. It also contains the earnings from measurement under the equity method of joint ventures and associates.

Key judgments, estimates and assumptions

When preparing the consolidated financial statements management makes judgments, estimates and assumptions that influence the amounts of assets, liabilities and contingent liabilities as well as the expense and income reported on the balance sheet date. The uncertainty that these assumptions and estimates involve can, however, in future periods cause outcomes that result in major adjustment to the carrying amounts of the assets and liabilities concerned.

The most significant assumptions concerning the future as well as other key sources of estimation uncertainty at the balance sheet date, which present a risk that material adjustment to the carrying amounts of the assets and liabilities will be necessary within the next financial year, are explained hereinafter.

Testing of the goodwill and intangible assets with an indefinite useful life is based on their value in use. Non-current assets with a finite useful life were also largely tested for impairment based on their value in use. To estimate the value in use the Group must estimate the probable future cash flows of the cash-generating units to which the non-current asset or goodwill relates, and moreover choose a reasonable interest rate to compute the present value of these cash flows (discounted cash flow method). The cash flows are extrapolated from the business planning for the next five financial years, excluding any restructuring measures to which the Group has not yet committed and material, future capital expenditure that would raise the performance of the cash-generating units tested. The business planning is prepared on a bottom-up basis, meaning that the budgeted figures are prepared in detail for each business unit and subsidiary and condensed to the segments and the Group as a whole. Key planning assumptions are based on the unit-sales projections issued by the carmakers. Accordingly, the recoverable amount or value in use is heavily dependent on the projections for quantities sourced. The recoverable amount is, furthermore, heavily dependent on the discount rate applied under the discounted cash flow method. In a few instances, for example when the value in use was below the carrying amount, the fair value less cost to sell was determined on the basis of estimates by appraisers and historical data.

In the case of intangible assets with an indefinite useful life this exclusively involves brands acquired in a business combination. The carrying amount on 31 December 2010 was the same as in the previous year: € 1,877 k. Intangible assets with finite useful lives involved a carrying amount of € 71,317 k on 31 December 2010 (previous year: € 90,518 k). Property, plant and equipment came to a carrying amount of € 585,613 k on 31 December 2010 (previous year: € 554,144 k). Goodwill amounted to € 150,810 k on 31 December 2010 (previous year: € 150,028 k). Further detail is to be found under Notes 14, 15 and 16.

Derivates that are related to future business combinations and fall within the scope of IAS 39 are measured at fair value. This is determined on the basis of a discounted cash flow model whereby the future cash flows to be estimated are extrapolated from the five-year planning as prepared by management. Key planning assumptions are based on the unit-sales projections issued by the carmakers. Accordingly, the fair value is heavily dependent on the projections for quantities sourced. The fair value is also heavily dependent on the discount rate applied under the discounted cash flow method. On 31 December 2010 the carrying amount of the derivates related to future business combinations was € 720 k (previous year: € 0).

Management must, with respect to accounting for capitalised deferred taxes relating mainly to unused loss carryforwards, make estimates and judgments concerning future tax planning strategies, the expected timing and the amount of taxable profit available in the future for use of the loss carryforwards. Deferred tax assets are recognised to the extent that deferred tax liabilities in the same amount and with the same term applicable to them are expected. Furthermore, deferred tax assets are recognised only if future taxable income is with high probability expected that is sufficient to use the deferred tax assets from loss carryforwards and temporary differences. For this judgment the taxable income is extrapolated from the business planning that has been prepared according to the principles described above. Due to the mounting uncertainty about the future, the period under consideration is normally three years. In the case of entities in loss situations, deferred tax assets are not recognised until there are signs of a turnaround or it is highly probable that the future positive results can be generated. On 31 December 2010 the carrying amount of deferred tax assets was € 34,348 k (previous year: € 27,671 k). Further details are presented in Note 9.

The pension expense pertaining to defined benefit plans post employment is determined based upon actuarial computations. These measurements are based on assumptions and judgments with respect to discount rates, expected return on plan assets, future wage and salary increases, mortality and future pension increases. Due to the non-current nature of such plans, such estimates are subject to material uncertainties. For retirement benefit obligations the average discount rate across the Group amounted to 4.54 percent. Pension provisions amounted to € 43,144 k on 31 December 2010 (previous year: € 49,631 k). There was on 31 December 2010 an asset of € 11,303 k (previous year: € 8,711 k) pertaining to the retirement benefit plan in the United Kingdom. Further details are presented in Note 24.

Adjusted prior-year information

A change was made to presentation in the consolidated statement of financial position of the receivables from long-term development contracts presented at the reporting date, with the previous year's benchmark figure as at 31 December 2009 adjusted in order to raise the informative content of the consolidated financial statements. The proportion of these receivables where payment is to be expected after more than one year is presented separately in the consolidated statement of financial position as at 31 December 2010 as a non-current asset and not as previously within current assets under trade receivables. The current proportion is still contained in trade receivables. As at 31 December 2009, trade receivables are as a result of the reclassification therefore less than previously presented by the disclosed amount of the long-term proportion of receivables from development contracts of € 38,063 k.

[3] New accounting requirements

New accounting requirements applied for the first time in the financial year

- The revised standard IFRS 3, Business Combinations (IFRS 3R), and the modified standard IAS 27, Consolidated and Separate Financial Statements (IAS 27A), which were issued in January 2008, are applicable for the first time to financial years beginning on or after 1 July 2009 and to business combinations where the date of acquisition falls into financial years that begin on or after 1 July 2009. These new and amended requirements were therefore applied to these financial statements. IFRS 3R introduces changes in the accounting for business combinations occurring after this date that will impact on the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27A requires that a change in the ownership interest of a subsidiary is, without loss of control, accounted for as an equity transaction. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the allocation of losses to the equity holders of the parent and non-controlling interest as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7, Statement of Cash Flows, IAS 12, Income Taxes, IAS 21, The Effects of Changes in Foreign Exchange Rates, IAS 28, Investment in Associates and IAS 31, Interests in Joint Ventures. The new requirements had no material effect on the Group's financial position or performance.

- IFRIC 17, Distributions of Non-cash Assets to Owners, was issued in November 2008 with the stipulation that the new requirements be applied for the first time to reporting periods beginning on or after 1 July 2009. They were therefore applied to these consolidated financial statements. The interpretation addresses accounting for non-cash dividends to owners. A liability to pay a non-cash dividend must thereby be recognised at the time from which payment is no longer at the discretion of the entity. It must be measured at the fair value of the asset to be distributed. At the time the non-cash dividend is paid, the difference between the carrying amount of the previously recognised dividend liability and the carrying amount of the net assets distributed is recognised in profit or loss. The requirement had no effect on the Group's financial position or performance because no non-cash dividends were granted to owners.

- The amendments to IAS 39, Financial Instruments: Recognition and Measurement – Eligible Hedged Items, which were issued in August 2008, must be effective for the first time for financial years beginning on or after 1 July 2009 and were therefore applied to these consolidated financial statements. The amendment clarifies how the principles contained in IAS 39 on presentation of hedging relationships are to be applied to designation of a one-sided risk in a hedged item as well as to designation of inflation risks as a hedged item. It further clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The changes to IAS 39 did not exert any influence on the Group's financial position or performance.

- IFRIC 18, Transfers of Assets from Customers, was issued in January 2009 and requires prospective application of the interpretation to transfers of assets from customers that were made on or after 1 July 2009. The European Union did not endorse IFRC 18 until 1 December 2009, with a different date for first-time application. Entities in the European Union must apply these requirements to the first financial year beginning after 31 October 2009 and they were therefore applied to these consolidated financial statements. The background to the Interpretation involves utilities to which an asset is transferred for the purpose of connecting the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The Interpretation clarifies that the transferred item of property, plant or equipment must meet the definition of an asset under the IFRS framework, and governs its recording and measurement upon initial recognition, the identification of separately identifiable services in exchange for the transferred asset, the recognition of revenue as well as the transfer of cash by the customer. This new requirement did not exert any influence on the Group's financial position or performance.

- In June 2009, the IASB issued an amendment to IFRS 2, Shared-based Payment, concerning the applicability and accounting for group cash-settled share-based payment transactions. The amendments under IFRS 2 must be applied to financial years beginning on or after 1 January 2010. They had no impact on the Group's financial position or performance.

- In April 2009, the IASB issued its second omnibus standard with amendments to various standards that are applicable to financial years beginning on or after 1 January 2010 or, in some cases, after 1 July 2010. This omnibus standard implements minor but necessary amendments to various standards to remove inconsistencies and to clarify wording. The adjustment to the scope for IAS 39, Financial Instruments: Recognition and Measurement, constitutes a material change in its effect in relation to contracts concerning business combinations. IAS 39.2 (g) now stipulates that only contracts that give neither contracting party unilateral contractual right to prevent or bring about the business combination are excluded from the scope of IAS 39 (forward contracts). Only events which neither contracting can control may occur between contract signing and the actual business combination. Option contracts and possibly long-term forward contracts must, according to IAS 39, therefore be accounted for as derivatives. The amended requirement, which is to be applied prospectively, must be applied to all not-yet-fulfilled contracts for financial years beginning on or after 1 January 2010. Corresponding derivates had to be measured and recognised in the statement of financial position of these consolidated financial statements as a result of this amended requirement. The effect on earnings was € 720 k. The other amendments to the omnibus standard had no effect on the Group's financial position or performance.

Future, new accounting requirements

A) The following accounting requirements endorsed by the European Union (EU) were not applied because application will only become obligatory in future periods:

- In October 2009, the IASB issued amendments to IAS 32, Financial Instruments: Presentation. The amendments stipulate that certain subscription rights as well as options and warrants in a currency other than the functional currency of the issuer to whose equity instruments these right refer must now be accounted for as equity and no longer as liabilities. These changes are to be applied to financial years beginning on or after 1 February 2010. This requirement is not expected to have any impact on the Group's financial position or performance.

- In November 2009, the IASB issued IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments. IFRIC 19 clarifies that equity instruments which a debtor issues to creditors to fully or partially extinguish a financial liability must be regarded as consideration paid according to IAS 39 and the debtor must accordingly derecognise the liability. These equity instruments are to be measured at their fair value or – if this cannot be measured – to reflect the fair value of the financial liability extinguished. The requirements under IFRIC 19 must be applied to financial years beginning on or after 1 July 2010. This requirement is not expected to have any impact on the Group's financial position or performance.

- Likewise in November 2009, the IASB issued amendments to IFRIC 14, Prepayments of a Minimum Funding Requirement. These amendments to IFRIC 14 clarify that entities subject to the minimum funding requirements with respect to their pension plans and make early payments that meet these requirements may in the future present the benefit as an asset. The requirements under IFRIC 14 must be applied to financial years beginning on or after 1 January 2011. This requirement is not expected to have any impact on the Group's financial position or performance.

- In November 2009, the IASB issued a revision to IAS 24, Related Party Disclosures. The amendments comprise a partial exemption from the disclosure requirements under the Standard for state-controlled entities as well as clarification of the definition of a related entity or a related party. The requirements under IAS 24 must be applied to financial years beginning on or after 1 January 2011. These new requirements are not expected to have any impact on the Group's financial position or performance.

- In May 2010, the IASB issued its third omnibus of amendments to various IFRS standards with the primary objective of removing inconsistencies and clarifying wording. The omnibus standard provides a specific transition arrangement for every amended standard. These amendments must be applied to financial years beginning either on or after 1 July 2010, or on or after 1 January 2011. These new requirements are not expected to have any impact on the Group's financial position or performance.

B) The European Union (EU) has not yet endorsed the following accounting requirements issued by either the IASB or IFRIC:

- In November 2009, the IASB issued IFRS 9, Financial Instruments, as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 initially introduces only new requirements for classifying and measuring financial assets. Under this requirement financial assets must be accounted for either at amortised cost or at fair value through profit or loss depending on their characteristics and taking into consideration the business models for managing financial assets. Equity instruments must always be accounted for at fair value, but changes in value of equity instruments may be recorded in other comprehensive income so far as this option was established upon their acquisition. The Standard is to be effective for financial years beginning on or after 1 January 2013. The European Financial Reporting Advisory Group has postponed its recommendation on endorsing this IFRS in the EU to take more time for appraising the IASB project's findings on improving recognition of financial instruments. In October 2010, the IASB issued the second part of IFRS 9 with the new requirements for classifying and measuring financial liabilities. In particular, these new requirements change the measurement of financial liabilities that are measured through profit or loss by applying the fair value option. All other requirements with respect to classifying and measuring financial liabilities were adopted in the new IFRS 9 unchanged from IAS 39. These new requirements must be applied for the first time to financial years beginning on or after 1 January 2013.

- In October 2010, the IASB issued amendments to IFRS 7, Financial Instruments: Disclosures. The amendments allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. These changes are to be applied for the first time to financial years beginning on or after 1 July 2011.

- In December 2010, the IASB issued an amendment to IAS 12 Deferred Tax: Recovery of Underlying Assets. The amendment provides a practical solution to the problem of assessing whether the carrying amount of an asset will be recovered through use or through sale by introducing a presumption that recovery of the carrying amount will normally be through sale. These changes are to be applied for the first time to financial years beginning on or after 1 January 2012; earlier application is permitted.

Application of the above requirements will be binding in the future so far as they are endorsed by the EU. The Group is analysing the impact of these amended and new requirements. Based on the current status of this analysis and with the exception of IFRS 9 and IFRS 7, this is not expected to have any material effect on the consolidated financial statements. The current status of analysis does not yet permit comment with respect to the probable impact of IFRS 9 and of IFRS 7 on the Group's financial position and performance or on the disclosure requirements.

[4] Scope of consolidation

Along with LEONI AG, the consolidated financial statements account for 19 companies in Germany and 65 companies outside Germany in which LEONI AG is entitled, either directly or indirectly, to a majority of the voting rights. The scope of consolidation does not include any special-purpose entities pursuant to SIC 12 because LEONI does not control any companies that were established for a special purpose without or with only limited equity interest.

Number of fully consolidated companies

	31/12/2010	31/12/2009
Germany	20	21
Outside	65	68
Total	**85**	**89**

The two acquisitions that are described in greater detail in Note 5 did not result in any change in the number of legal entities within the Group because one case was an asset deal, while in the other case the acquired company, RoMack Inc., was merged into an existing Group company. The newly established Japanese company LEONI Wire & Cable Solutions Japan K.K. as well as LEONI Kabel Verwaltungs-GmbH in Germany were included in the scope of consolidation. Both belong to the Wire & Cable Solutions Division. Further additions involved the Wiring Systems Division with the newly established Mexican company LEONI Wiring Systems de Hermosillo S.A. de C.V. and the newly established Indian company LEONI Wiring Systems (Pune) Pvt. Ltd.

As part of reorganising and restructuring its Wire & Cable Solutions Division, LEONI on 10 December 2010 sold all the shares in its Austrian subsidiary LEONI NBG Fiber Optics GmbH and in its Dutch distribution company LEONI WCS Benelux B.V. Both Wire & Cable Solutions Division companies were thus deconsolidated at the time of disposal. The disposals resulted in a loss of € 3,112 k. The overview below shows the deconsolidated assets and liabilities:

[€ '000]	Deconsolidated upon disposal
Property, plant and equipment	376
Inventories	1,648
Trade receivables	2,042
Cash and cash equivalents	104
Other assets	**93**
	4,263
Other liabilities	530
Non-current financial liabilities	100
Pension provisions	72
Trade accounts payable	836
	1,537
Carrying amount of the net assets	**2,726**
Liabilities assumed as part of the disposal	483
Consideration received	97
Loss on disposal	**3,112**

With the shut down of wiring system production at the facility in Mioveni, Romania, in 2009, the LEONI Wirings Systems Mioveni S.R.L. company as a part of the Wiring Systems Division was dissolved and deconsolidated in the first quarter of 2010. The LEONI Automotives Cables GmbH and Kerpen Special Ltd. companies of the Wire & Cable Solutions Division had been in liquidation for some time already and have now been formally deconsolidated following their removal from the commercial register.

Some legal entities disappeared due to merger within the Group during the 2010 financial year: In the Wire & Cable Solutions Division, FiberTech GmbH Special Optical Fiber Technologies was merged into LEONI Fiber Optics GmbH. In the Wiring Systems Division, two Tunisian subsidiaries, LEONI Wiring Systems Ez Zahra SA and LEONI Wiring Systems Mateur Sud SA, were merged into their Tunisian parent company LEONI Wiring Systems Mateur Nord SA.

Among the joint ventures, there was one addition and one derecognition in fiscal 2010: The Korean company Daekyeung T&G Ltd. established a Chinese subsidiary; Daekyeung Electrical Systems (Jining) Co. Ltd. The Korean company DLS Co. Ltd. was merged into its affiliate Daekyeung T&G Co. Ltd.

A complete list of the fully consolidated subsidiaries as well as of the associates and joint ventures on 31 December 2010 is shown at the end of these notes.

[5] Acquisitions of subsidiaries and of non-controlling interests

In the 2010 financial year:

Based on having obtained additional orders in the commercial vehicle business, LEONI on 1 April 2010 acquired parts of the wiring systems production of its previous supplier AFL/AEES Group in Beius, Romania. These additional orders will generate average annual sales amounting to a seven-digit euro figure for the Wiring Systems Division. The purchase price and thus the fair value of the transferred consideration for the business operation taken over amounted to € 531 k and equates to the outflow of cash. The business acquisition resulted in a profit of € 718 k recognised in other operating income because expenses and general risks that could potentially arise in the future were anticipated in the purchase price but for which, under the IFRS stipulations, no liabilities or provisions could be formed at the time of acquisition. The overview below shows the fair values of the acquired assets and liabilities on the date of acquisition.

[€ '000]	**Recognised at acquisition**
Property, plant and equipment	427
Inventories	880
	1,307
Trade accounts payable	29
Provisions	29
	58
Fair value of net assets	**1,249**
Gain on the acquisition	(718)
Transferred consideration	**531**

The acquired business contributed € 6,961 k to sales and € 263 k to consolidated net income. Had the business acquisition taken place at the beginning of the financial year, consolidated sales would have come to € 2,956,821 k with consolidated net income amounting to € 67,309 k.

On 1 July 2010 LEONI acquired all the shares in RoMack Inc., which specialises in optical fiber technology and is based in Williamsburg, Virginia. The purchase price and thus the fair value of the transferred consideration amounted to € 3,461 k, while the acquisition involved a cash outflow of € 3,374 k for the Group. With a staff of about 40, the company generated a mid seven-digit euro sales figure. RoMack is a specialist in fiber optic system solutions for industry and science, making highly-developed products particularly for the aerospace sector, optical analysis, defence technology, medical devices and industrial lasers.

The purchase was executed via subsidiary FiberTech USA Inc. in the Wire & Cable Solutions Division, which is focused on medical laser applications. RoMack complements LEONI's own portfolio and will enable the Company to offer its target markets in North and South America a complete range of optical technology from a single source. The acquired company has already been merged into FiberTech USA Inc., which was at the same time renamed in LEONI Fiber Optics Inc. The company is now based in Chandler, Arizona, which is known as Optics Valley. The Williamsburg facility will remain with its production, research and distribution operations. The overview below shows the fair values of the acquired assets and liabilities on the date of acquisition. The purchase resulted in goodwill of € 917 k for the acquired staff and new customer potential, which is fully tax deductable.

[€ '000]	**Recognised at acquisition**
Intanbigle assets	1,844
Property, plant and equipment	73
Inventories	497
Trade receivables	438
Cash and cash equivalents	87
Other assets	5
	2,944
Other liabilities	24
Current financial liabilities	49
Trade accounts payable	327
	400
Fair value of net assets	**2,544**
Goodwill	917
Transferred consideration	**3,461**

RoMack contributed € 1,740 k to sales and € 74 k to consolidated net income. Had the business acquisition taken place at the beginning of the financial year, consolidated sales would have come to € 2,957,093 k with consolidated net income amounting to € 67,429 k.

The two business combinations incurred transaction costs of € 198 k.

The following overview shows the consideration transferred for the subsidiaries acquired in fiscal 2010 as well as the related cash amounts:

[€ '000]	2010 Transferred consideration	2010 of which paid in cash	Difference
RoMack Inc.	3,461	3,374	87
Wiring systems production of AFL/AEES	531	531	0
Total	**3,992**	**3,905**	**87**

In the 2009 financial year:

On 7 January 2009 LEONI acquired the Czech company Tekas S+W s.r.o. based in Nadrazni. The Company until then was a supplier to LEONI and specialised in the production of complex switch cabinets, main electrical systems and wiring systems. The purchase costs amounted to € 426 k. The business was first consolidated at the time of acquisition. Allocation of the purchase price resulted in goodwill amounting to € 380 k due principally to the qualified staff who do not meet the criteria for separate recognition as an intangible asset. The overview below shows the fair values of identifiable assets and liabilities on the date of acquisition.

[€ '000]	Recognised at acquisition	Carrying amount
Property, plant and equipment	2	2
Trade receivables	44	44
Cash and cash equivalents	95	95
Other assets	8	8
	149	**149**
Trade accounts payable	1	1
Provisions	48	48
Other liabilities	54	54
	103	103
Fair value of net assets	**46**	**46**
Goodwill	380	
Acquisition costs	**426**	

The acquired company was allocated to the Wire & Cable Solutions Division and was in the previous year merged with the existing Czech subsidiary Neumatic cz s.r.o. based in Turnov. In the previous year, the acquired businesses contributed € 9 k to consolidated sales and € 0 k to consolidated earnings after tax.

On 1 July 2009, LEONI acquired all the shares in the American company Valentine Robotics Inc. based in Sterling Heights (Detroit). With its acquisition of this robotics specialist, LEONI further expanded its portfolio in the field of innovative, integrated system solutions with a high proportion of engineering and services for industrial robots as well as its position in the North American market. The purchase costs amounted to € 734 k. The purchase price was split into three tranches, with the first tranche already having been settled in July 2009 with 36,501 LEONI AG shares stemming from the Company's share buy-back programme carried out in the fourth quarter of 2008. The submitted shares were measured at their fair value in the amount

of € 438 k, which equated to market value, at the time of exchange. The second tranche in the amount of USD 210 k was settled in the past 2010 financial year. The third tranche, likewise in the amount of USD 210 k, will be due in 2011. This business combination therefore did not result in any outflow of cash and cash equivalents in 2009, and cash and cash equivalents in the amount of € 7 k were acquired. The business was first consolidated at the time of acquisition. Allocation of the purchase price resulted in goodwill amounting to € 311 k, arising mainly with respect to the qualified staff but also for expected synergies. Neither factor meets the criteria for separate recognition as an intangible asset. The overview below shows the fair values of identifiable assets and liabilities on the date of acquisition.

[€ '000]	Recognised at acquisition	Carrying amount
Intangible assets	326	0
Property, plant and equipment	517	424
Trade receivables	93	93
Cash and cash equivalents	7	7
Other assets	88	88
	1,031	**612**
Trade accounts payable	45	45
Provisions	25	25
Other liabilities	538	395
	608	465
Fair value of net assets	**423**	**147**
Goodwill	311	
Acquisition costs	**734**	

The acquired business was allocated to the Wire & Cable Solutions Division and was at the end of August 2009 merged with the company that executed the purchase, namely LEONI Engineering Products & Services Inc. based in Sterling Heights (Detroit), USA. The business contributed € 423 k to consolidated sales and involved a negative amount of € 161 k with respect to consolidated earnings after tax in the previous year. Had the business acquisition taken place at the beginning of the previous year, consolidated sales in that year would have come to € 2,160,548 k with a negative consolidated net result of € 138,176 k.

LEONI acquired the outstanding 10 percent of the shares in its American subsidiary FiberTech USA Inc. in July 2009. The acquisition costs came to € 15 k, resulting in goodwill in the amount of € 31 k.

The following overview shows acquisition costs incurred in the 2009 financial year involving the acquired subsidiaries, joint ventures and non-controlling interests as well as the related cash amounts:

[€ '000]	2009 Cost	2009 of which paid in cash	Difference
Tekas S+W s.r.o.	426	331	95
Valentine Robotics Inc.	734	(7)	741
Subsidiaries	**1,160**	**324**	**836**
FiberTech USA Inc.	15	15	0
Minority interests	**15**	**15**	**0**
Total	**1,175**	**339**	**836**

[6] Other operating income and other operating expenses

The other operating income in the amount of € 20,735 k (previous year: € 11,909 k) includes performance-related government grants of € 4,367 k (previous year: € 4,900 k). Further explanation of this is to be found in Note 7. Also included is income in the amount of € 8,866 k (previous year: € 0 k) from reversals of restructuring provisions as well as from the sale of scrap and material at the closed facilities, with € 5,347 k pertaining to the Wire & Cable Solutions Division and € 3,519 k to the Wiring Systems Division.

The other operating expenses in the amount of € 27,690 k (previous year: € 64,808 k) primarily include restructuring expenses amounting to € 15,028 k (previous year: € 55,951 k), goodwill impairment losses totalling € 4,742 k (previous year: € 2,786 k) and the currency result allocated to the operating result in the negative amount of € 2,088 k (previous year: other operating income of € 905 k).

The restructuring expenses pertain in the amount of € 9,461 k (previous year: € 17,886 k) to the Wire & Cable Division and in the amount of € 5, 567 k (previous year: € 38,065 k) to the Wiring Systems Division. By far the largest proportion of this involves spending on severance, which also includes the additions to restructuring provisions (cf. explanations in Note 23 in this regard). Also included is the loss on disposal of the two subsidiaries in the Wire & Cable Solutions Division in the amount of € 3,112 k as well as spending on leases that are no longer required. The restructuring expenses relate to the cost of sales in the amount of € 7,323 k (previous year: € 41,536 k), to selling expenses in the amount of € 1,562 k (previous year: € 3,967 k) and to general administrative costs in the amount of € 6,143 k (previous year: € 7,535 k). There were no restructuring expenses related to research and development costs (previous year: € 2,912 k).

The goodwill impairment pertains to the Wire & Cable Solutions Division. Further explanation of this is to be found in Note 16.

[7] Government grants

The Group obtained performance-related government grants totalling € 7,963 k in fiscal 2010 (previous year: € 10,592 k). In the amount of € 3,596 k (previous year: € 5,692 k) this involved mainly allowances for the social insurance contribution in the context of short-time working, allowances for partial retirement agreements and grants for research and development work. This income was directly offset in the income statement with the expenses incurred. In the amount of € 4,367 k (previous year: € 4,900 k) this involved performance-related government grants pertaining mainly to an export subsidy programme in Egypt as well as government grants for building a new plant and the related creation and three-year retention of jobs in Serbia. The income from these grants is recognised in other operating income (cf. Note 6).

Investment-related government grants for spending on property, plant and equipment in the amount of € 1,441 k were recognised in the previous, 2009 financial year. These were deducted in the previous year from the costs to purchase and manufacture the related property, plant and equipment.

[8] Finance revenue and costs

The finance costs of € 37,477 k (previous year: € 37,990 k) include interest expenses that were computed on the basis of the effective interest rate method. The finance revenue includes interest income of € 786 k (previous year: € 1,758 k) that was computed on the basis of the effective interest rate method.

[€ '000]	2010	2009
Interest income	786	1,758
Exchange gains	0	141
Finance revenue	**786**	**1,899**

€ '000	2010	2009
Interest expenses	37,477	37,990
Finance cost from pension obligations	3,667	3,831
Interest expense from measurement of other provisions	1,069	635
Exchange losses	768	0
Finance cost	**42,981**	**42,456**

[9] Income taxes

Taxes on income including deferred taxes break down as follows for fiscal 2010 and fiscal 2009:

[€ '000]	2010	2009
Current taxes	26,446	5,238
Deferred taxes	(4,093)	(24,466)
Income taxes	**22,353**	**(19,228)**

In the 2010 financial year, the Group recognised tax expense of € 22,353 k (previous year: tax income of € 19,228 k) in the income statement. Tax expense of € 1,056 k (previous year: € 3,470 k) was recognised in other comprehensive income.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. For the Group's German companies, the deferred taxes on 31 December 2010 were calculated using a corporate tax rate of 15 percent, unchanged from the previous year, for all temporary differences. Again included was a solidarity surcharge of 5.5 percent (previous year: 5.5 percent) on the corporate tax plus an average trade tax rate of 13.0 percent (previous year: 13.0 percent).

Including the impact of the solidarity surcharge and the trade tax, the tax rate applied to calculate deferred taxes for German companies thus amounts to a combined 28.9 percent (previous year: 28.9 percent). For non-German companies the country-specific, respective tax rates have been used.

In the financial year, changes to foreign tax rates were recognised in the income statement in the amount of € 460 k (previous year: € 127 k), which pertained to subsidiaries in the Ukraine, the United Kingdom and China. In the previous year the amount recognised in the income statement concerned subsidiaries in Canada and China. The reconciliation below takes the impact of each of these tax rate changes into account.

The following table reconciles the statutory income tax expense to the effective income taxes presented in the financial statements for the respective financial year. To calculate the projected income tax expense we multiplied the pre-tax earnings by the combined income tax rate in Germany of 28.9 percent (previous year: 28.9 percent) applicable to the financial year.

	2010		2009	
	[€ '000]	[%]	[€ '000]	[%]
Expected tax expense (2010: 28.9 %; 2009: 28.9 %)	25,894	28.9	(45,462)	28.9
Foreign tax rate differentials	(13,179)	(14.7)	(2,583)	1.6
Change in tax rate / tax law	(460)	(0.5)	(127)	0.1
Change in valuation allowances on deferred tax assets	7,098	7.9	20,189	(12.8)
Non-deductible expenses	3,154	3.5	11,301	(7.2)
Prior-period tax expense	194	0.2	(2,714)	1.7
Other	(348)	(0.4)	168	(0.1)
Effective income taxes / tax rate	**22,353**	**24.9**	**(19,228)**	**12.2**

The change in valuation allowances on deferred tax assets in the amount of € 7,098 k (previous year: € 20,189 k) involved tax assets not deferred in the amount of € 9,080 k (previous year: € 20,409 k). These valuation allowances concern primarily deferred tax assets from loss carryforwards to the extent it is considered more likely than not that such benefits will be used in future years. In determining the valuation allowance all factors including legal factors and information available were taken into account. The change in valuation allowances includes reversal of valuation allowances on deferred tax assets with effect on the income statement in the negative amount of € 4 k (previous year: a negative amount of € 204 k). A negative amount of € 1,978 k (previous year: negative € 16 k) is included for the use of loss carryforwards for which no tax assets were recognised in the previous years.

The deferred tax assets and deferred tax liabilities are derived from temporary differences recorded under the following balance sheet items as well as tax loss carryforwards:

	LEONI AG Consolidated statement of financial position		LEONI AG Consolidated income statement	
[€ '000]	**2010**	**2009**	**2010**	**2009**
Inventories	5,793	5,055	902	1,471
Accounts receivable and other assets	7,710	6,924	713	180
Property, plant and equipment	5,524	4,770	710	237
Intangible assets	1,781	2,248	(401)	(884)
Non-current financial assets	495	656	24	125
Tax loss carryforwards	67,213	58,188	8,254	23,044
Liabilities and provisions	19,562	21,633	(1,672)	10,584
Pension provisions	4,664	4,689	(157)	(3,520)
Total	**112,742**	**104,163**		
Valuation allowance	(45,315)	(39,717)	(7,024)	(20,205)
Deferred tax assets (before offsetting)	**67,427**	**64,446**		
Inventories	11,591	7,397	(4,103)	1,517
Accounts receivable and other assets	4,635	7,286	3,032	(9,252)
Property, plant and equipment	28,649	28,303	1,943	866
Intangible assets	22,990	29,469	6,634	5,394
Non-current financial assets	5,725	3,392	(2,208)	1,155
Liabilities and provisions	7,565	4,914	(2,710)	10,532
Pension provisions	382	549	156	3,222
Deferred tax liabilities (before offsetting)	**81,537**	**81,310**		
Deferred tax income / expense			**4,093**	**24,466**
Net deferred tax assets / tax liabilities	**(14,110)**	**(16,864)**		

No deferred tax assets on temporary differences and tax loss carryforwards were recognised in the amount of € 45,315 k (previous year: € 39,717 k).

The net amount of deferred tax assets and liabilities is derived as follows:

[€ '000]	**2010**	**2009**
Deferred tax assets	79,663	67,388
Valuation allowance	(45,315)	(39,717)
Net deferred tax assets	**34,348**	**27,671**
Deferred tax liabilities	**48,458**	**44,535**
Net deferred tax assets / tax liabilities	**(14,110)**	**(16,864)**

Deferred taxes on outside basis differences (differences between the net assets including goodwill of the subsidiaries and the respective tax value of the shares in these subsidiaries) were not recognised because reversal of differences arising for example from dividend payments can be managed and no material tax effects are to be expected in the foreseeable future. Outside basis differences amounted to € 103,899 k on 31 December 2010 (previous year: € 155,979 k).

On the balance sheet date the Group had mainly foreign income tax but also German corporate tax loss carryforwards totalling € 207,682 k (previous year: € 187,003 k), of which € 153,118 k (previous year: € 145,578 k) may, based on legislation applicable on the respective reporting date, be carried forward indefinitely and in unlimited amounts. In Germany, however, losses carried forward from the 2004 tax-assessment year may be deducted from income without restriction up to € 1,000 k only. Any remaining amount of income may be offset by loss carryforwards by up to 60 percent. The remaining tax losses eligible for limited carryforward pertain exclusively to foreign subsidiaries and will expire by 2030 at the latest if not utilised. The table below shows the usability of the loss carryforwards:

[€ '000]		**2010**
Useable until	2011	8,423
Useable until	2012	13,493
Useable until	2013	14,750
Useable until	2014	10,444
Useable until	2015	4,452
Useable until	2016	217
Useable until	2017	1,458
Useable until	2021	336
Useable until	2030	991

The Group's German trade tax loss carryforwards amounted to € 50,004 k on the balance sheet date (previous year: € 41,891 k), all of which, based on legislation applicable on the respective balance sheet dates, may be carried forward indefinitely and in unlimited amounts. The options to offset against future income correspond to the corporate tax loss carryforwards.

In the financial year, German trade tax loss carryforwards amounting to € 342 k (previous year: € 56 k) and German corporate tax loss carryforwards amounting to € 324 k (previous year: € 502 k) were utilised. Foreign income tax loss carryforwards amounting to € 18,350 k (previous year: € 7,777 k) and foreign trade tax loss carryforwards for allowable income taxes in the amount of € 1,303 k (previous year: € 255 k) were utilised.

[10] Other comprehensive income

The overview below shows the components of other comprehensive income and the tax effects:

[€ '000]	01/01/ – 13/12/2010			01/01/ – 13/12/2009		
	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Foreign currency translation adjustments	41,782	(184)	41,598	3,616	229	3,845
Change in fair value of securities (available-for-sale financial assets)	(749)	0	(749)	749	0	749
Change in unrealised gains/losses on cash flow hedges	2,316	(872)	1,444	21,950	(3,699)	18,251
Change in the share of other comprehensive income accounted for by associates and joint ventures	2,748	0	2,748	1,341	0	1,341
Other comprehensive income	**46,097**	**(1,056)**	**45,041**	**27,656**	**(3,470)**	**24,186**

[11] Accounts receivable and other financial assets as well as long-term receivables from development contracts

[€ '000]	2010	2009
Trade receivables	380,791	316,759
Accounts receivable from associated companies and joint ventures	6,034	6,548
Other financial assets	17,937	12,741
	404,762	**336,048**
Non-current trade receivables from development contracts	**38,445**	**38,063**

Trade receivables are non-interest bearing. On the balance sheet date, trade receivables were reduced by factoring amounting to € 92,373 k (previous year: € 63,347 k). Expenses still to be incurred in connection with factoring are of minor significance.

The trade receivables from development contracts involve customer-specific development contracts accounted for in accordance with IAS 11. The sales for the financial year include revenue amounting to € 12,096 k (previous year: € 14,047 k) from such development contracts. The expenses recognised correspond to the sales.

The allowances for trade receivables were as follows:

[€ '000]	2010	2009
Allowance as of 1 January	**11,607**	**9,737**
Change in scope of consolidation	(50)	0
Currency translation adjustments	302	(679)
Additions (allowances recognised as expense)	3,401	6,113
Usage	(1,836)	(2,491)
Reversal	(1,746)	(1,073)
Allowance as of 31 December	**11,678**	**11,607**

There were no allowances for long-term receivables from development contracts in either the financial year under report or the previous one.

The table below shows non-current and current financial receivables that, on the balance sheet date, were neither impaired nor overdue as well as overdue receivables that are not impaired:

[€ '000]	Carrying amount	of which: neither impaired nor passed due on the reporting date	of which: not impaired on the reporting date and passed due in the following periods: Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
	31/12/2010							
Trade receivables	380,791	340,814	24,694	5,899	2,572	2,117	2,032	1,795
Long-term trade receivables from development contracts	38,445	38,445	0	0	0	0	0	0
Other financial receivables	20,632	19,809	218	165	61	175	67	116
	31/12/2009							
Trade receivables	316,759	281,933	18,307	3,771	1,376	2,696	5,378	758
Long-term trade receivables from development contracts	38,063	38,063	0	0	0	0	0	0
Other financial receivables	19,744	16,634	107	45	37	640	68	42

The maximum risk of loan default corresponds to the carrying amount of the receivables. There were not, with respect to either the impaired receivables or the overdue receivables, any signs on the reporting date that the debtors will fail to make payment.

Receivables were covered by credit insurance in the amount of € 94,512 k (previous year: € 93,809 k).

[12] Other assets

[€ '000]	2010	2009
Receivables for VAT	41,723	30,382
Prepaid expenses	12,325	10,736
Insurance technical reserves	11,234	8,938
Receivables for other taxes	1,420	2,907
Advanced payment	4,312	1,819
Other assets	6,792	5,311
	77,806	**60,093**

[13] Inventories

[€ '000]	2010	2009
Raw materials and manufacturing supplies	182,001	126,463
Work in progress	69,849	52,503
Finished products and merchandise	150,151	115,572
	402,001	**294,538**

The amount of impairment of inventories, recognised as expense, is € 14,453 k (previous year: € 16,659 k). The fiscal 2010 write-downs on inventory are fully (previous year: € 14,666 k) included in the cost of sales. In the previous year, write-downs on inventory in the amount of € 1,993 k were recognised in restructuring expenses because they were incurred in connection with facility closures and production shutdowns.

The inventory recognised as expense in the cost of sales (inventory used) in the financial year amounted to € 1,738,408 k (previous year: € 1,260,065 k).

The carrying amount includes inventories in the amount of € 32,657 k (previous year: € 21,725 k) that were measured at net realisable value.

[14] Property, plant and equipment

[€ '000]	Land, leasehold rights and buildings	Technical equipment, plant and machinery	Other equipment, factory and other equipment	Advance payments and assets under construction	Total
Net book value on 1 January 2009	**210,756**	**238,566**	**56,784**	**67,236**	**573,342**
Acquisition costs on 1 January 2009	292,964	575,547	165,421	67,277	1,101,209
Currency differences	(23)	66	52	(147)	(52)
Additions	4,403	20,816	7,818	42,894	75,931
Add. due to changes in scope of consolidation	0	465	78	0	543
Disposals	2,815	41,314	10,458	1,337	55,924
Transfers	19,327	57,041	8,193	(84,561)	0
31 December 2009	313,856	612,621	171,104	24,126	1,121,707
Accumulated depreciation on 1 January 2009	82,208	336,981	108,637	41	527,867
Currency differences	(149)	30	(71)	11	(179)
Additions	11,569	58,571	17,752	0	87,892
Impairment loss	82	3,518	49	0	3,649
Disposals	2,602	39,898	9,166	0	51,666
31 December 2009	91,108	359,202	117,201	52	567,563
Net book value on 31 December 2009	**222,748**	**253,419**	**53,903**	**24,074**	**554,144**
Acquisition costs on 1 January 2010	313,856	612,621	171,104	24,126	1,121,707
Currency differences	12,199	18,831	2,719	1,497	35,246
Additions	1,420	33,323	9,829	54,701	99,273
Add. due to changes in scope of consolidation	0	224	277	0	501
Disposals	3,935	9,520	8,247	184	21,886
Disposals due to changes in scope of consolidation	60	427	475	0	962
Transfers	1,368	33,819	3,480	(38,667)	0
31 December 2010	324,848	688,871	178,687	41,473	1,233,879
Accumulated depreciation on 1 January 2010	91,108	359,202	117,201	52	567,563
Currency differences	1,930	8,408	1,557	5	11,900
Additions	11,775	58,210	17,186	(21)	87,150
Impairment loss	25	0	0	0	25
Disposals	2,121	8,334	7,355	(24)	17,786
Disposals due to changes in scope of consolidation	60	187	339	0	586
31 December 2010	102,657	417,299	128,250	60	648,266
Net book value on 31 December 2010	**222,191**	**271,572**	**50,437**	**41,413**	**585,613**

Interest amounting to € 2 k (previous year: € 94 k) was capitalised in the financial year. The underlying interest rates conform to the local circumstances of the respective country.

In the previous year, government grants amounting to € 1,441 K to spend on property, plant and equipment were deducted from costs.

No material write-downs on property, plant and equipment were recognised in the 2010 financial year (previous year: € 3,649 k). In the previous year, such impairment expense was recognised in the cost of sales pertaining in the amount of € 2,188 k to the Wire & Cable Solutions Division and in the amount of € 1,461 k to the Wiring Systems Division.

There was no appreciation either in this financial year or in the previous year.

[15] Intangible assets

[€ '000]	Trademarks, similar rights, software and others	Customer relationships & order backlog	Development costs	Advance payments	Total
Net book value on 1 January 2009	**30,278**	**75,059**	**3,930**	**4,534**	**113,801**
Acquisition costs on 1 January 2009	64,706	91,611	8,008	4,534	168,859
Currency differences	210	(19)	434	(1)	624
Additions	2,674	0	2	3,165	5,841
Add. due to changes in scope of consolidation	331	0	0	0	331
Disposals	517	211	0	17	745
Transfers	3,306	211	430	(3,947)	0
31 December 2009	70,710	91,592	8,874	3,734	174,910
Accumulated amortisation on 1 January 2009	34,428	16,552	4,078	0	55,058
Currency differences	140	3	290	0	433
Additions	8,148	13,868	1,548	0	23,564
Impairment loss	1,711	1,964	0	0	3,675
Disposals	4	211	0	0	215
31 December 2009	44,423	32,176	5,916	0	82,515
Net book value on 31 December 2009	**26,287**	**59,416**	**2,958**	**3,734**	**92,395**
Acquisition costs on 1 January 2010	70,710	91,592	8,874	3,734	174,910
Currency differences	1,835	388	613	42	2,878
Additions	2,143	0	0	1,694	3,837
Add. due to changes in scope of consolidation	560	1,284	0	0	1,844
Disposals	2,881	3,182	0	2,825	8,888
Disposals due to changes in scope of consolidation	285	664	0	0	949
Transfers	722	0	0	(722)	0
31 December 2010	72,804	89,418	9,487	1,923	173,632
Accumulated amortisation on 1 January 2010	44,423	32,176	5,916	0	82,515
Currency differences	1,041	297	290	0	1,628
Additions	8,839	13,057	1,109	127	23,132
Impairment loss	66	0	0	0	66
Disposals	2,772	3,182	0	0	5,954
Disposals due to changes in scope of consolidation	285	664	0	0	949
31 December 2010	51,312	41,684	7,315	127	100,438
Net book value on 31 December 2010	**21,492**	**47,734**	**2,172**	**1,796**	**73,194**

The item trademarks and similar rights, software and others includes mainly technology as well as non-patented production know-how acquired in the context of business combinations. The residual value of the technology and the production know-how amounts to € 7,725 k (previous year: € 8,113 k); the average residual useful life is 9.3 years. Also included, as in the previous year, are brands acquired in the context of business combinations in the amount of € 1,877 k, which are classified as intangible assets with an indefinite useful life as there is no foreseeable limit to the use of these brands. The contractual and non-contractual business relationships obtained in the context of business acquisitions under the item customer relationships and order backlog have a residual value of € 47,690 k (previous year: € 58,915 k), the average residual useful life of which is 7.6 years.

Amortisation of intangible assets with a finite useful life is included in the cost of sales in the amount of € 15,490 k (previous year: € 15,951k), in selling expenses in the amount of € 1,153 k (previous year: € 1,120 k), in general and administrative expenses in the amount of € 4,392 k (previous year: € 4,472 k) as well as in research and development costs in the amount of € 2,097 k (previous year: € 2,021 k).

Intangible assets with an indefinite useful life were, just as the goodwill, tested for impairment as at 31 October. This involved one brand of a cash-generating unit within the Business Group Communication & Infrastructure of the Wire & Cable Solutions Division. The impairment test based the recoverable amount on the value in use. The underlying cash flow forecasts are in each case based on the five-year business planning as approved by the Management Board. The cash flow planning is as a matter of principle on a bottom-up basis from the individual planning of the operating units. It takes into account price agreements based on experience and anticipated efficiency enhancements as well as a sales trend based on the strategic outlook. As in the previous year, cash flows after the five-year period were in each case extrapolated by applying a zero growth rate. The pre-tax discount rate applied was 11.29 percent (previous year: 10.92 percent). The impairment test did not result in any need for write-down.

No material impairment loss on intangible assets was recognised in the 2010 financial year (previous year: € 3,675 k). In the previous year, impairment charges pertained to the Wire & Cable Solutions Division and were recognised in the cost of sales in the amount of € 3,660 k and in general administrative costs in the amount of € 15 k.

There was no appreciation either in this financial year or in the previous year.

[16] Goodwill

Goodwill in the financial year is summarised as follows:

[€ '000]	2010	2009
Acquisition costs on 1 January	157,956	157,422
Accumulated allowance	7,928	5,142
Carrying amount 1 January	150,028	152,280
Additions	917	722
Impairment losses	(4,742)	(2,786)
Disposals	0	(41)
Currency translation differences	4,607	(147)
Carrying amount on 31 December	150,810	150,028
Acquisition costs on 31 December	158,977	157,956
Accumulated allowance on 31 December	8,167	7,928
Carrying amount on 31 December	**150,810**	**150,028**

The goodwill shown on 31 December 2010 breaks down to € 78,097 k (previous year: € 77,404 k) for the Wire & Cable Division and € 72,713 k (previous year: € 72,624 k) for the Wiring Systems Division.

The additions in the amount of € 917 k (previous year: € 722 k) pertain to the RoMack Inc. company acquired during the financial year (cf. Note 5).

The allowances in the amount of € 4,742 k (previous year: 2,786 k) involve impairment of two items of goodwill in the Wire & Cable Solutions Division and are included in other operating expenses.

In addition to the obligatory impairment tests of all goodwill that must be carried out at least once a year, the Company carries out additional impairment tests during the financial year where there are indications of impairment. Despite the generally positive business performance, there were indications of impairment in the case of two cash-generating units in the second quarter of 2010. In one case a part of the business permanently disappeared. In the other case it was not possible to compensate for the persistently weak margin situation with the cost reduction programme implemented in the past year or necessary price increases and, given the competitive situation, it was to be expected that this will probably not be achievable in the future either. The value in use of the respective cash-generating units was therefore ascertained on the basis of updated cash flow projections and compared with their respective carrying amounts. In both cases the value in use was below the carrying amount, as a result of which one item of goodwill was written down in full by € 1,730 k while the other item was written down by € 3,012 k. Pre-tax discount rates of 10.34 percent and 9.53 percent, respectively, were applied in determining the value in use. The fair values of these cash-generating units less cost to sell were also below their value in use in both cases.

The obligatory impairment test of all goodwill that must be carried out at least once a year was executed as at 31 October.

For the purpose of the impairment test, all goodwill was allocated to the cash-generating units or groups of cash-generating units that benefit from the synergies of the business combination. The principal allocations were as follows:

An item of goodwill was allocated to the Wiring Systems Division in the amount of € 67.4 k (previous year: € 67.4 k).

In the Wire & Cable Solutions Division the allocation of goodwill had to be partially revised because of extensive reorganisation. The previously eight business units of the Wire & Cable Solutions Division were restructured into five business groups to strengthen market presence and realise synergies. The management and reporting structures changed accordingly. Following this reorganisation, goodwill that was under the old structure allocated mainly to three units in the special cables business (previous year: € 13.2 million, € 10.5 million and € 7.0 million) was allocated to the Business Group Industry & Healthcare, to which goodwill totalling € 35.6 million is allocated. Under the previous structure, an item of goodwill in the amount of € 23.2 million was allocated to the Hard unit, which comprises sterilisation and physical crosslinking of industrial products, and another item in the amount of € 9 million was allocated to a unit in the high temperature cables business. Since the reorganisation, both of these businesses belong to the Business Group Communication & Infrastructure, to which goodwill totalling € 38.3 million is allocated. The Business Group Automotive is largely identical to the former Automotive and Standard Cables unit, to which goodwill amounting to € 4.1 million was allocated in the previous year. The goodwill allocated to this unit amounts to € 4.2 million.

In all the goodwill impairment tests, determination of the recoverable amount was based on the value in use. The underlying cash flow forecasts are in each case based on the five-year business planning as approved by the Management Board. The cash flow planning is as a matter of principle on a bottom-up basis from the individual planning of the operating units. The planning is based among other things on the unit sales announced by the carmakers. Furthermore, it takes into account price agreements based on experience and anticipated efficiency enhancements as well as a sales trend based on the strategic outlook. As in the previous year, cash flows after the five-year period were in each case extrapolated by applying a zero growth rate. The pre-tax discount rates applied were as follows: for the Wiring Systems Division 11.83 percent (previous year: 9.27 percent), for Business Group Automotive 12.43 percent (previous year: 9.64 percent), for Business Group Industry & Healthcare 11.08 percent and for Business Group Communication & Infrastructure 10.67 percent.

The test for impairment of goodwill found no further need for write-down apart from the goodwill already written down in the second quarter.

The Group's management holds the basic view that, by prudent judgment, any fundamentally possible change to basic assumptions for determining the value in use of the cash-generating units or groups of cash-generating units to which goodwill has been allocated would not lead to the carrying amounts of the cash-generating units exceeding their recoverable amount. There is one exception in the Wiring Systems Division. Here it could be in the case of one cash-generating unit, to which goodwill in the amount of € 3.3 million has been allocated, that the carrying amount exceeds the value in use as a result of an increase in the discount rate or if earnings projections worsen. Based on the assumptions made, the value in use of this cash-generating unit would exceed its carrying amount by € 9.6 million. From an increase in the discount rate by 1.63 percentage points the value in use would, all other parameters being equal, be below the carrying amount.

[17] Shares in associated companies and joint ventures

The carrying amount of investments in associated companies and joint ventures is € 29,695 k (previous year: € 26,060 k).

The income and expenses from associated companies and joint ventures break down as follows:

[€ '000]	**2010**	**2009**
Income from associated companies and joint ventures	965	14
Expenses from associated companies and joint ventures	(54)	(948)
	911	**(934)**

The following overview shows the 100 percent values for the assets and liabilities as well as the income, expenses and annual earnings of the associates and joint ventures:

[€ '000]	**2010**	**2009**
Current assets	41,522	36,990
Non-current assets	20,785	18,492
Current liabilities	35,120	32,401
Non-current liabilities	5,484	5,314
Equity	21,703	17,767
Total assets	62,307	55,482
Sales	96,441	69,777
Other income	3,345	3,793
Expenses	97,726	75,738
Net income/loss	2,060	(2,168)

On 31 December 2010, the joint ventures had purchase order commitments amounting to € 664 k (previous year: € 1,229 k) and lease payment obligation amounting to € 4,405 k (previous year: € 6,297 k). € 338 k and € 2,240 k of these respective amounts apply to LEONI in line with its shareholdings in these joint ventures (previous year: € 619 k and € 3,204 k).

[18] Other non-current financial assets

The other non-current financial assets amounting to € 1,104 k (previous year: € 7,236 k) comprise investments classified as available-for-sale securities. In the previous year, investments were included in the amount of € 6,106 k as measured at their fair value on the balance sheet date, which corresponded with their market value. These investments were sold in fiscal 2010. The investments held on the balance sheet date in an amount of € 1,104 k (previous year: € 1,350 k) are valued at cost because there is no quoted price in an active market and their fair value cannot be reliably measured.

Loans granted to joint ventures are included in the amount of € 836 k (previous year: € 617 k) and loans to third parties are included in the amount of € 2,206 k (previous year: € 2,382 k). In addition, the item includes derivates amounting to € 836 k (previous year: € 20 k).

[19] Other (non-current) assets

This item comprises mainly the prepaid pension cost amounting to € 11,303 k (previous year: € 8,711 k).

[20] Financial debts

The financial liabilities comprise bonds, liabilities to banks, notes payable and other loan obligations. They total € 638,801 k (previous year: € 636,454 k), of which € 589,827 k (previous year: € 579,560 k) is non-current.

In June of the 2010 financial year, LEONI AG issued a variable-rate borrower's note loan (Schuldschein-darlehen) with a total nominal volume of € 20 million and a term of 5 years. The borrower's note loan was paid out at a rate of 99.25 percent, meaning that the Group took in € 19,850 k. The loan is not collateralised and is repayable in three annual amounts of € 5 million in June 2013, € 10 million in June 2014 and € 5 million in June 2015.

The overview below shows the existing borrower's note loans:

Nominal value [€ '000]	Carrying amount 31/12/2010 [€ '000]	Payment year	Repayment	Interest	Interest rate hedging instrument
24,000	24,857	2008	matures 2013	fixed income	none
26,500	27,473	2008	matures 2015	fixed income	none
136,000	135,813	2008	matures 2013	variable rate	three collars
63,500	63,368	2008	matures 2015	variable rate	Interest rate swap
20,000	19,905	2009	annually € 5,000 k	variable rate	none
20,000	19,912	2010	2013 € 5,000 k	variable rate	none
			2014 € 10,000 k		
			2015 € 5,000 k		

Likewise as in the previous year, the financial debts include a bond issued by LEONI AG in July 2006 in the nominal amount of € 200 million. The bond matures in July 2013.

Detail of the financial liabilities and hedging instruments is to be found in Note 27.

[21] Trade payables and other financial liabilities

[€ '000]	2010	2009
Trade liabilities	508,629	381,238
Liabilities to associated companies and joint ventures	650	730
Other liabilities	24,526	20,249
	533,805	**402,217**

Other liabilities include liabilities amounting to € 11,338 k (previous year: € 11,847 k) from the receipt of payment on receivables that were sold within factoring agreements.

[22] Other current liabilities

[€ '000]	2010	2009
Liabilities to employees	63,769	48,044
Tax liabilities	24,668	23,641
Advance payments received	15,867	11,959
Liabilities connected with social security	12,596	11,652
Accruals	2,977	4,836
Other liabilities	3,149	3,435
	123,026	**103,567**

[23] Provisions

The changes in provisions are summarised as follows:

[€ '000]	01/01/2010	Usage	Dissolution	Allocation	Allocation of interest	Currency differences	**31/12/2010**	current provisions 2010	non-current provisions 2010	current provisions 2009	non-current provisions 2009
Personnel-related provisions	19,995	5,849	412	6,941	544	64	**21,283**	2,624	18,659	2,870	17,125
Provisions for product warranties	18,746	2,821	2,231	10,930	32	622	**25,278**	25,278	0	18,746	0
Other provisions for purchasing and distribution	12,038	7,420	1,925	5,143	0	126	**7,962**	7,716	246	11,824	214
Restructuring provisions	46,106	27,129	8,311	10,795	462	252	**22,175**	13,561	8,614	36,630	9,476
Other provisions	4,838	1,312	566	2,241	31	151	**5,383**	4,498	885	4,099	739
Total	101,723	44,531	13,445	36,050	1,069	1,215	**82,081**	53,677	28,404	74,169	27,554

The personnel-related provisions involve mainly long-term provision for partial retirement agreements in Germany in the amount of € 9,855 k (previous year: € 10,127 k) and provision for anniversary bonuses in the amount of € 7,038 k (previous year: € 5,826 k). The provision for anniversary bonuses is paid out according to the age structure of the workforce upon the employees' respective anniversaries of service. Based on the current workforce, payments will mostly become due in the next 20 years. The payments relating to provisions for partial retirement will probably be spread over the next 5.5 years.

The product warranties are determined on the basis of past experience, with goodwill concessions also taken into account. Provisions were added in the amount of € 10,930 k (previous year: € 14,452 k) for claims under warranty and/or for compensation in fiscal 2010. These provisions for claims under warranty and/or for compensation are offset by claims against the insurer in the amount of € 11,234 k (previous year: € 8,938 k).

There are also provisions for purchasing and distribution to cover onerous contracts.

The restructuring provisions in the amount of € 22,175 k (previous year: € 46,106 k) pertain to the Wire & Cable Solutions Division in the amount of € 6,740 k (previous year: € 7,581 k) and to the Wiring Systems Division in the amount of € 15,435 k (previous year: € 38,525 K). The non-current proportion of the restructuring provisions involves mostly severance costs in Italy in the Wiring Systems Division, payment of which stretches into the year 2014. Use of restructuring provisions involves the amounts set aside in the previous year for severance costs pertaining to the Wiring Systems Division in Portugal, Italy and France as well as to the Wire & Cable Solutions Division mostly in Germany. The additions in the amount of € 10,795 k involve primarily severance payments at two German production facilities in the Wire & Cable Solutions Division and, in the Wiring Systems Division, severance payments at one German and one Italian facility as well as leased premises in France that were no longer required.

[24] Pension provisions

A number of different pension plans exist in Germany. The former pension trust of Leonische Drahtwerke AG, which covered all employees, was closed to people joining the Company after 31 December 1981. The benefits of the pension trust were also divided. The pension trust is only used to pay current pension benefits to former beneficiaries whereas future beneficiaries are subject to a defined benefit plan. The pension benefit payments are based upon years of service and the salary of the last year of employment.

Pension obligations of acquired German companies are generally based on eligible compensation levels and/or ranking within the Company hierarchy and years of service, or on a fixed amount per year of service. All defined pension plans of acquired companies are closed.

In Germany, LEONI grants defined benefits to most employees for the deferral of compensation. Amounts of deferred compensation earn interest at a rate of approx. 6 percent per year. These benefits are covered by capital insurance. The reinsurance policies are qualifying insurance policies and are therefore recognised as plan assets.

In the United Kingdom exists a funded defined benefit plan for all employees of the company. Pension benefit payments are based upon the salary of the last year of employment as well as years of service and contributions of the employees to the plan.

In Switzerland there is a statutory obligation to provide employees with pension insurance, which, along with retirement benefit, covers the risks of death and invalidity for the employees of the Swiss company to be insured. This involves a defined benefit plan handled by the pension trust of Studer Draht- und Kabelwerk AG. The retirement benefit is determined upon retirement depending on credit balances in nominal savings accounts (old-age credit).

In France there are defined benefit plans in accordance with the country’s legal requirements and other agreements. The collective agreement of the French metal-working trade union determines the size of the benefit. It is linked to monthly wages and salaries and depends on years of service.

At the Italian subsidiaries there are pension plans in accordance with the local legal requirements. These must be qualified as defined benefit plans pursuant to IAS 19 and were presented accordingly.

The development of the pension obligations and related plan assets is summarised as follows:

Change in defined benefit obligations [€ '000]	**2010**	**2009**
Defined benefit obligations at the beginning of the fiscal year	213,048	174,122
Current service cost	4,137	3,257
Interest cost	10,734	9,645
Contributions by plan participants	3,338	3,348
Actuarial (gains)/losses	5,999	26,694
Currency differences	13,679	5,748
Plan amendments/past service cost	0	280
Disposal of subsidiaries	(176)	0
Business combinations	0	(1,156)
Transfers under Swiss Law	2,638	1,823
Benefits paid	(10,755)	(10,713)
Defined benefit obligation at the end of the fiscal year	**242,642**	**213,048**

Change in plan assets [€ '000]	**2010**	**2009**
Fair value of plan assets at the beginning of fiscal year	128,924	109,684
Expected return on plan assets	7,067	5,813
Actuarial gains/(losses)	(244)	7,852
Currency differences	11,262	4,618
Contributions by the employer	16,726	3,051
Contributions by plan participants	3,338	3,348
Transfers under Swiss Law	2,638	1,823
Benefits paid	(8,054)	(7,265)
Fair value of plan assets at the end of the fiscal year	**161,657**	**128,924**

The employer contributions in 2010 include payments amounting to € 8,370 k into reinsurance plans to cover the Management Board pensions against insolvency.

The transfers under Swiss law concern transferred obligations and the related plan assets upon change of employment and similar requirements under legislation specific to the country.

The actual return on plan assets came to € 6,823 k in the financial year (previous year: € 13,665 k). The tables below show the funded status that is the difference between the defined benefit obligation and the plan assets at the end of the year, and the recorded amounts in the balance sheet:

Funded status [€ '000]	**2010**	**2009**
Funded status at the end of the fiscal year	(80,985)	(84,124)
Unrecognised actuarial (gains)/losses	49,144	43,204
Net amount recognised	**(31,841)**	**(40,920)**

Breakdown of the amount carried in the statement of financial position [€ '000]	**2010**	**2009**
Prepaid benefit cost	11,303	8,711
Pension provision	(43,144)	(49,631)
Net amount recognised	**(31,841)**	**(40,920)**

The prepaid benefit costs refer to the pension assets surplus to the obligations in England, whereas the amount shown as pension provision refers to obligations in Germany, Switzerland, France and Italy.

The defined benefit obligation at the end of the financial year breaks down into € 204,022 k (previous year: € 171,201 k) in funded obligations and € 38,620 k (previous year: € 41,847 k) in unfunded obligations.

The assumptions for interest rates, rates of compensation increase and the expected return on plan assets on which the calculation for defined benefit obligations is based were established for each country as a function of their respective economic conditions. The Group applied the following weighted average assumptions:

Weighted average assumptions	**2010**	**2009**
Discount rate	4.54 %	5.07 %
Rate of wage and salary increase	2.69 %	2.86 %
Rate of compensation increase	2.02 %	2.16 %
Rate of employee turnover	3.55 %	3.98 %

The (weighted average) assumptions made for calculating net periodic pension cost are shown in the table below.

Weighted average assumptions	**2011**	**2010**
Discount rate	4.54 %	5.07 %
Expected return on plan assets	5.38 %	5.57 %
Rate of wage and salary increase	2.69 %	2.86 %
Rate of compensation increase	2.02 %	2.16 %
Rate of employee turnover	3.55 %	3.98 %

The assumptions relating to the expected return on plan assets are based on detailed analyses taking into account both the actual past returns on long-term investment and the projected long-term returns on the target portfolio.

The assumed mortality is based on published statistics and historical data in the respective countries. The valuation of pension obligation in Germany was based on the “Heubeck-Richttafeln 2005 G” mortality tables.

The total expense for the defined benefit plans was as follows:

[€ ‘000]	**2010**	**2009**
Current service cost	4,137	3,257
Interest cost	10,734	9,645
Expected return on plan assets	(7,067)	(5,813)
Amortisation of past service cost	0	280
Amortisation of actuarial (gains)/losses	2,212	526
Gain of/loss on curtailment and divestiture	0	(1,281)
Total expense from defined benefit obligations	**10,016**	**6,614**

The total expense is recognised in the income statement in the following items:

[€ '000]	2010	2009
Cost of sales	3,106	1,657
General administrative expenses	1,164	5
Selling expenses	919	529
Research and development costs	1,160	591
Finance costs	3,667	3,832
Total expense from defined benefit obligation	**10,016**	**6,614**

The interest costs relating to retirement benefit obligations as well as the expected return on plan assets are presented under finance costs.

The plan assets comprise the assets of the defined contribution plan in England, of the pension foundation in Switzerland and the qualifying insurance policies as well as the pension trust in Germany. The portfolio structure for the measurement dates of the past two financial years and the target portfolio structure are summarised in the following overview:

	Target asset allocation	Portfolio structure, actual	
		2010	2009
Equity securities	31.8 %	35.1 %	36.5 %
Debt securities	35.3 %	32.1 %	33.5 %
Real estate	4.1 %	5.0 %	2.4 %
Other	28.8 %	27.8 %	27.6 %
	100.0 %	100.0 %	100.0 %

The plan assets in England and Switzerland do not include any shares or debt securities of LEONI Group companies or parties related to them.

The plan assets in Germany include an amount of € 849 k (previous year: € 933 k) that the pension trust provided LEONI AG as a loan, as well as qualifying insurance policies in the amount of € 20,400 k (previous year: € 11,858 k).

The contribution estimated for the next financial year is € 4,505 k.

The following overview contains the defined benefit obligation and the plan assets as well as the respective experience adjustments:

[€ '000]	2010	2009	2008	2007	2006
Defined benefit obligations at the end of the fiscal year	(242,642)	(213,048)	(174,122)	(192,492)	(214,936)
Fair value of plan assets at the end of fiscal year	161,657	128,924	109,684	145,884	151,943
Funded status at the end of the fiscal year	(80,985)	(84,124)	(64,438)	(46,608)	(62,993)
Experience adjustments defined benefit obligation	(3,724)	(415)	(1,421)	(22)	(3,072)
Experience adjustments plan assets	(244)	7,852	(28,929)	(4,485)	4,740

Some non-German companies provide defined contribution plans. In Germany and other countries state plans are also recognised under defined contribution plans. The total cost of such contributions amounted to € 35,439 k in the financial year (previous year: € 35,038 k).

[25] Equity

Share capital

The share capital in the amount of € 29,700 k (previous year: € 29,700 k), which corresponds to the share capital of LEONI AG, is divided into 29,700,000 no-par-value shares.

Additional paid-in capital

As in the previous year, the additional paid-in capital amounts to € 181,961 k.

Statutory reserve

As in the previous year, the retained earnings include the statutory reserve of LEONI AG in the amount of € 1,092 k, which is not available for distribution.

Sale of treasury shares in the previous year

In October 2009, LEONI AG sold 2,933,499 treasury shares, equating to 9.88 of its share capital. The shares were offered for purchase by way of accelerated bookbuilding to qualified investors in Germany, other European countries as well as in the United States of America, and they were placed at a price of € 14.50 per share. Less costs incurred, LEONI took in € 40,237 k from this sale of own shares in 2009, raising consolidated equity accordingly.

In addition, 36,501 treasury shares were provided in July 2009 as a contribution in kind for the acquisition of all the shares in the American company Valentine Robotics Inc. based in Sterling Heights, Detroit (€ 438 k).

The reconciliation below shows the change in the number of shares outstanding in the 2009 financial year.

Number of shares outstanding on 31/12/2008	26,730,000
Number of own shares sold in fiscal 2009	2,933,499
Treasury shares used as acquisition currency in fiscal 2009	36,501
No. of shares outstanding on 31/12/2009	**29,700,000**

Authorised capital

The Management Board is authorised pursuant to the Articles of Association to increase the share capital in the period up to 2 May 2011 and with the approval of the Supervisory Board once or in partial amounts by up to € 14.85 million by issuing new shares on a cash or non-cash basis. Shareholders must be granted a right to subscribe. However, the Annual General Meeting entitled the Management Board, with the approval of the Supervisory Board, to rule out shareholders' subscription rights in cases specified in the Articles of Association.

Contingent capital

Furthermore, the Annual General Meeting on 6 May 2010 authorised the Management Board to issue convertible bonds and/or warrant-linked bonds by 5 May 2015. This involved a contingent increase in share capital by up to € 14.850 k. The contingent capital increase is only to be performed to the extent that conversion and/or option rights have been used or that the holders and/or creditors obliged to convert have met their conversion obligation and provided that no cash settlement has been granted or Company shares or new shares from the use of approved capital are used for the exercise of rights.

Dividend payment

No dividend was declared or paid out in the 2010 financial year (previous year: € 0.20 per share). The previous year's total payout was € 5,346 k.

Dividend proposal

The Management Board will propose to shareholders at the Annual General Meeting to pay out from the fiscal 2010 distributable profit of LEONI AG, amounting to € 22,731 as determined under the German Commercial Code and the German Public Companies Act, a dividend of € 20,790 k and to carry the remainder of € 1,941 k forward. This corresponds to a dividend of € 0.70 per share entitled to dividend.

[26] Contingencies and other obligations

Lease obligations

The Group leases property, plant and equipment that does not qualify as finance leases under IFRS, and are therefore classified as operating leases. Leasing expenses amounted to € 20,667 k in the financial year (previous year: € 20,628 k). The future (undiscounted) minimum rental payments on non-cancellable operating leases are:

Fiscal years	[€ '000]
2011	17,350
2012	13,679
2013	11,495
2014	7,411
2015	5,478
as of 2016	10,185
Total	**65,598**

Purchase order commitments

Purchase order commitments for property, plant and equipment as well as intangible assets amounted € 995 k on the balance sheet date (previous year: € 1,376 k).

Litigation and claims

There are pending claims for damages in amounts normal for the sector, some of which are covered by insurance. The insurers are currently examining the cases. Appropriate amounts with respect to claims for damages and, where applicable, claims against the insurers have been recognised. Possible future liability for damages may arise in an amount usual for the field of business the Company is dealing in.

There have not been any and there are currently no pending lawsuits or court proceedings that might have a major impact on LEONI's financial position.

International investigations under competition law in the automotive supply sector have affected LEONI at various locations since 24 February 2010. In the middle of fiscal 2010, the investigators sought information and disclosures from LEONI. There have been no further enquiries since then. LEONI will continue to cooperate with the investigators and to support their work.

[27] Risk management and financial derivatives

Credit risk

All customers with whom the Group intends to conclude business on a credit basis are subject to credit screening. Regular analysis of receivables and the structure of the receivables facilitates ongoing monitoring of the risk. Accounts receivable management is organised in a decentralised way but is controlled by head office, which sets conditions by means of the existing guideline for Group-wide accounts receivable management.

There was no indication on the reporting date that trade receivables, which are neither impaired nor overdue, would not be settled.

The table below shows the breakdown by region of receivables from customers.

[in percentage points]		2010	2009
Europe		**61**	**74**
thereof	United Kingdom	11	12
	France	10	9
	Germany	8	18
	Hungary	8	5
	Italy	6	9
	Others	18	21
Asia		**23**	**18**
thereof	China	17	9
	Others	6	9
North America		**12**	**6**
Others		**4**	**2**

The following table shows the size categories of receivables from customers on the balance sheet date.

	2010	2010	2009	2009
	[%]	[total share in %]	[%]	[total share in %]
Largest customer	11	11	10	10
Second largest customer	10	10	8	8
Third to seventh largest customer	4 – 5	21	3 – 6	21
Other customers	< 4	58	< 3	61

Information on the due dates of trade receivables is presented in Note 11.

25 percent (previous year: approx. 28 percent) of all receivables are covered, with insurance limits, by a Group master policy with a credit insurer or other local credit insurers. Insurance excess amounts were disregarded in determining the total amount insured. The amount actually insured is consequently slightly below this percentage. 49 percent (previous year: approx. 43 percent) of the non-insured receivables involve customers that are exempt from contractually compulsory cover. The customers exempt from contractually compulsory cover are mainly major companies in the automotive as well as electronic/electrical engineering sectors. For 26 percent (previous year: 29 percent) of total receivables there is no cover from a credit insurer. The table below shows the breakdown of insured and non-insured receivables from customers:

%	2010	2009
Receivables	25	28
Receivables not covered by insurance		
exempt from compulsory cover	49	43
no covers	26	29

The insured subsidiaries must apply for credit insurance limits to the credit insurer for all receivables from customers that are not exempt from compulsory cover and that exceed the limits specified on the existing guideline. The following specific conditions apply: LEONI has an obligation to declare exposure to the credit insurers for all receivables from customers greater than € 50 k. A cover limit can also be obtained for smaller receivables. Consignment stores and manufacturing risks are covered by blanket insurance. The credit insurance policy reimburses 90 percent of the insured amount (previous year: 90 percent). Measurement and monitoring with respect to impairment of the non-insured receivables is supported among other things by the credit screening carried out by the credit insurer and other service providers.

The subsidiaries that were not insured by the balance sheet date will be integrated in the master policy so far as this makes sense from the aspect of the principal customer base and provided there are no regional or political reasons on the part of the credit insurer against inclusion. The subsidiaries that cannot be integrated are to be covered via local credit insurers. Internal credit limits are set for major customers that are exempt from mandatory cover and other non-insured customers. Limits are applied for without delay, on a decentralised basis and are monitored by the head office's accounts receivable management.

Factoring, or true sale factoring for selected customers, serves as a further tool to reduce the risk of default. Customers with good credit ratings are also included.

Liquidity risk

The Group monitors its current liquidity situation on a daily basis. Monthly, currency-specific, rolling liquidity planning for respective periods of at least 12 months is used to control future liquidity requirement. The planning takes into consideration the terms of investments and financial assets (e.g. receivables, other financial assets) as well as the expected cash flows from business activity. In addition, we analyse our existing finance based on our medium-term planning, which we revise annually. We initiate suitable measures in good time so far as there is any change in borrowing requirement.

The Group's objective is to ensure funding in the respectively required currency. Flexibility is maintained by using overdrafts, loans, leases, factoring and capital market instruments. A wide variety of financial instruments is available to us on the capital market, from banks and among suppliers without the need for an external rating, financial covenants or other collateralisation.

To ensure liquidity and to cover required guarantees, there were on the balance sheet date short-term credit lines from first-rate banks amounting to € 316,503 k (previous: € 305,958 k) with maturities up to 27 months. Short-term credit lines in the amount of € 26,769 k (previous year: € 29,439 k) were drawn via current accounts and fixed deposits. Together with the short-term proportion of long-term loans, current liabilities to banks amounted to € 36,721 k (previous year: € 44,469 k). There were no liabilities to banks secured by mortgages on the balance sheet date (previous year: € 102 k).

The table below shows the contractually agreed (undiscounted) interest and principal payments pertaining to the primary financial liabilities as well as the derivative financial instruments with negative fair values:

[€ '000]	Carrying amount 31/12/2010	Cash flow 2011	Cash flow 2012	Cash flow 2013 – 2015	Cash flow starting 2016
Non-derivative financial liabilities:					
Trade receivables	(508,629)	(508,629)			
Bond	(204,014)	(10,000)	(10,000)	(210,000)	
Liabilities to banks	(142,334)	(39,606)	(94,878)	(12,965)	(536)
Liabilities on bills of exchange and other financial debts	(1,125)	(496)	(629)		
Borrower's note loans	(291,328)	(13,418)	(13,156)	(290,805)	
Other financial liabilities	(21,817)	(21,817)	0		
Derivative financial liabilities and financial assets:					
Currency derivatives without a hedging relationship	(4,306)	(136,793)	(4,867)	(4,795)	
		133,280	4,480	4,412	
Currency derivatives in connection with cash flow hedges	(926)	(27,201)			
		26,356			
Interest rate derivatives in connection with cash flow hedges	(14,396)	(7,955)	(7,453)	(5,232)	

[€ '000]	Carrying amount 31/12/2009	Cash flow 2010	Cash flow 2011	Cash flow 2012 – 2014	Cash flow ab 2015
Non-derivative financial liabilities:					
Trade receivables	(381,238)	(381,238)			
Bond	(203,812)	(10,000)	(10,000)	(220,000)	
Liabilities to banks	(155,878)	(48,356)	(9,968)	(106,828)	(418)
Liabilities on bills of exchange and other financial debts	(606)	(359)	(247)		
Borrower's note loans	(276,158)	(12,081)	(11,797)	(188,756)	(91,608)
Other financial liabilities	(20,925)	(20,782)	(143)		
Derivative financial liabilities and financial assets:					
Currency derivatives without a hedging relationship	(442)	(81,010)			
		80,624			
Currency derivatives in connection with cash flow hedges	(481)	(18,659)	(6,952)	(5,817)	
		18,476	7,043	5,730	
Interest rate derivatives in connection with cash flow hedges	(15,815)	(8,764)	(8,764)	(13,462)	(518)
Commodity future transactions	(20)	(20)			

All instruments held on the respective balance sheet date and for which payments were already contractually agreed were also included. Foreign currency amounts were in each case translated at the spot rate on the reporting date. The variable interest payments pertaining to the financial instruments were determined on the basis of the interest rates fixed most recently prior to the respective balance sheet date. Financial liabilities repayable at any time are always allocated to the earliest time period. In the case of the currency derivates, both the cash outflow and the cash inflow are presented in the table above for the purpose of transparency.

Interest rate risks

For most of the variable-interest loan obligations, we use interest rate derivatives to avoid the risk of changes in interest rate rates. Such contracts are signed exclusively by LEONI AG.

The preconditions for cash flow hedge accounting are met for all interest rate derivatives. They hedge the respective cash flows against the risk of changes in interest rates to the underlying financial liabilities. The resulting changes in market value amounted to € 1,419 k in the financial year (previous year: negative € 4,926 k). Of this, € 1,329 k (previous year: negative € 5,243 k) was recognised in other comprehensive income and € 90 k (previous year: € 317 k) was recognised in the income statement. The market value as at 31 December 2010 of the interest rate derivates therefore totals negative € 14,396 k (previous year: negative € 15,815 k). The amounts recognised in other comprehensive income amounted to negative € 14,369 k in fiscal 2010 (previous year: negative € 15,697 k). A negative amount of € 27 k (previous year: negative € 118 k) was recognised in the income statement. Where the derivatives hedge the risk of changes in interest rates on the long-term financial liabilities, the term is identical to that of the underlying loan. Furthermore, some of the derivatives also hedge variable debt. The agreed reference interest rates are the EURIBOR for two and three months as well as the USD-Libor for three months. These derivative contracts (interest rate) have maturities of up to four years and three months. We regard the counterparty risk as being very small because all derivative contracts were signed with national and international commercial banks that have first-class ratings. Counterparty risk is subject to regular monitoring.

Interest rate sensitivity

Consolidated earnings depend on the level of market interest rates. Any change in this level would impact on the Group's earnings and equity. The analysis we carry out covers all interest-bearing financial instruments that are subject to the risk of changes in interest rates.

When calculating the sensitivity of the interest rates we assume a parallel shift in the yield curve. The upward shift comes to 50 basis points; the downward shift comes to just 25 basis points because of the currently low level of interest rates. With respect to the currencies that are key to us in this respect, the impact of the shift is as follows:

[€ '000]		2010
Changes in interest, equity	**+0.50 %**	**−0.25 %**
EUR	3,001	(1,529)
USD	77	(39)
Changes in interest, earnings	**+0.50 %**	**−0.25 %**
CNY	(35)	17
EUR	198	(99)

[€ '000]		2009
Changes in interest, equity	**+0.50 %**	**−0.25 %**
EUR	4,195	(2,134)
USD	104	(53)
Changes in interest, earnings	**+0.50 %**	**−0.25 %**
CNY	(66)	33
EUR	(83)	51

As at 31 December 2010, there were no primary financial assets held in the category at fair value through profit or loss that would have to be included in the presentation. The primary financial assets in the available-for-sale category as at 31 December 2010 comprise exclusively non-interest-bearing equity instruments. They are consequently not at risk of changes in interest rates and not included in the assessment. Nor are fixed-interest financial instruments at risk of changes in interest rates and are thus disregarded in our assessment. The impact of financial instruments designated in the context of cash flow hedge accounting is reflected in equity.

Currency risks

Although we conduct business mainly in euros or in the local currency of the respective country, we are increasingly faced with currency risks due to the globalisation of the markets.

In the Group's holding company, LEONI AG, the Corporate Finance department deals with the resulting currency risks in collaboration with and based on the conditions set by the currency committee with respect to limits and terms. Hedging transactions are signed in line with the existing underlying transactions as well as the planned transactions.

Selection of the hedging instrument to be used is based on regular, in-depth analysis of the underlying transaction to be hedged. Most of the hedging transactions are in pounds sterling, Mexican pesos, Polish zloty, Romanian lei, Swiss francs and US dollars. The objective is to limit the impact of exchange rate variation

on net income. Apart from the actual hedging transactions, we primarily take advantage of the option of netting foreign currency items within the Group to hedge our operating business activity. As a further currency-hedging measure, we in principle finance our foreign subsidiaries in their respective functional currencies by way of refinancing in the corresponding currency.

On the balance sheet date, there were currency-hedging transactions amounting to € 442,669 k (previous year: € 252,392 k), maturing within 36 months. The total market value of the foreign exchange transactions as of the balance sheet date to be recorded in the income statement amounted to negative € 74 k in the fiscal year (previous year: positive € 1,303 k).

Foreign exchange transactions amounting to € 138,430 k (previous year: € 76,132 k) met the conditions for hedge accounting (cash flow hedge). They were completed in fiscal 2009 and 2010. Their total fair value of € 1,632 k (previous year: negative € 848 k) was recognised in other comprehensive income. The cash flow from the underlying transactions is expected during the 2011 financial year. The changes in fair value recognised in other comprehensive income are derecognised via the income statement at the time the underlying transaction takes effect.

Due to the discontinuation of a customer project, the hedging transactions engaged in for it were closed out with counter-transactions. The remaining loss in the amount of € 1,100 was recognised in the income statement.

The amounts recognised in other comprehensive income in the context of hedge accounting came to € 1,876 k in the financial year (previous year: € 2,736 k). An amount of € 918 k (previous year: negative € 25,304 k) was derecognised via the income statement as shown in the table below. In acquisition costs € 50 k (previous year: € 0) was recognised with a minimising effect because the underlying transaction involved an investment in property, plant or equipment.

[€ '000]	**2010**	**2009**
Sales	(460)	(10,326)
Cost of sales	2,569	(15,859)
Financial result (Inefficiency)	(1,191)	881
Total	**918**	**(25,304)**

In addition to this amount of € 918 k (previous year: negative € 25,304 k) recognised in the income statement, income of € 5,032 k (previous year: expenses of € 1,198 k) from currency hedging transactions was recorded with effect on net income, offset by the corresponding effect on earnings from underlying transactions.

The currency hedging transactions, as well as our interest transactions, were signed with first rate commercial banks, meaning that there was no significant counterparty risk either. This area is also subject to regular monitoring.

There were no risks related to financial instruments on the balance sheet date that resulted in any noteworthy risk concentration.

Exchange rate sensitivity

Changes in exchange rates that are by prudent judgement essentially possible would affect consolidated earnings due to the fair values of the monetary assets and liabilities. Additional factors would arise that would affect equity due to change in fair value in the context of cash flow hedge accounting. We consider the risk of changes in interest rates arising from the currency derivatives to be immaterial, which is why it is not included in the assessment.

The table below is based on the exchange rates as at the balance sheet date. It illustrates the impact arising, from the perspective of the Group companies concerned, from appreciation or devaluation of the foreign currencies to be taken into account by 10 percent either way versus the respective functional currency. Comprehensive income per currency therefore also includes the impact arising from appreciation or devaluation of the EUR for those Group companies where the functional currency is one of those stated in the table.

[€ '000]		2010
Changes in exchange rates, equity	**+10 %**	**–10 %**
CHF	1,299	(1,063)
MXN	2,914	(2,385)
PLN	1,874	(1,533)
RON	4,286	(3,506)
USD	941	(602)
Changes in exchange rates, earnings	**+10 %**	**–10 %**
CHF	(260)	213
MXN	95	(78)
PLN	(1,966)	1,598
RON	(270)	221
USD	(1,117)	944

[€ '000]		2009
Changes in exchange rates, equity	**+10 %**	**–10 %**
MXN	1,866	(1,527)
PLN	1,664	(1,361)
RON	1,496	(1,224)
RUB	1,033	(845)
USD	(2,211)	1,829
Changes in exchange rates, earnings	**+10 %**	**–10 %**
MXN	(362)	296
PLN	(27)	22
RON	(172)	140
RUB	20	(17)
USD	(838)	772

Risks related to raw material prices

Business within the Wire & Cable Solutions Division is sensitive to changes in raw material prices, especially of copper, but also gold and silver. For this reason, purchase prices for gold, silver and especially copper are hedged by way of future transactions to cover the usual future procurement volume. Such commodity future transactions are signed within ordinary business activity and as part of purchasing activity for required raw materials and therefore need not, in line with IAS 39, be accounted for as financial derivatives. Commodity future transactions that are settled in cash are recognised as derivatives, changes in the fair value of which are recognised in the cost of sales. The risks arising from these derivatives are of minor significance to the Group.

Risks from derivatives in connection with business combinations

There are two contracts that could in the future lead to business combinations. These contracts could produce either advantages or disadvantages. In both cases this depends on the trajectory of the fair value of the shares in the entities that are the subject of the contract. In the case of one contract there is also a currency risk because the contract was concluded not in euros, but in Korean won.

Capital management

The primary objective of LEONI's capital management is to ensure that it maintains a strong credit rating, a good equity ratio and appropriate gearing to support its business and increase shareholder value.

The Group manages its capital structure and makes adjustments based on the change in underlying economic conditions. To maintain and adjust its capital structure, the Group can make adjustments to dividend payouts to shareholders, repay capital to shareholders or issue new shares. No changes to the fundamental guidelines or processes were made in either the 2010 or 2009 financial years. LEONI controls its capital with gearing. Gearing is defined as the ratio of net financial debt to equity.

Based on the experience gained from the economic crisis that has been overcome, LEONI raised its target for both the equity ratio and gearing in the 2010 financial year. LEONI expects a sustained equity ratio of 35 percent. With respect to gearing, the general target is a figure below 50 percent. During periods of acquisition this ratio may be temporarily exceeded. In principle, the aim is that capital spending on organic growth that exceeds the market average can be generated from operating cash flow and that reducing financial liabilities is possible.

[€ '000]	2010	2009
Debt	638,801	636,454
less cash and cash equivalents	(194,243)	(141,087)
Net financial debts	444,558	495,367
Equity	481,160	369,126
Gearing	**92 %**	**134 %**

At the end of fiscal 2010 gearing stood at 92 percent, which, apart from the reduction in net financial liabilities, was attributable primarily to the strengthening of equity as a result of the exceptionally good recovery in the business situation and the consequently very good earnings. In the previous year gearing had risen to 134 percent because of the crisis-induced slump in demand and earnings as well as the heavy drain on earnings due to the restructuring measures.

Additional disclosure on financial instruments

[€ '000]	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39 **Carrying amount 31/12/2010**	Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	**Fair Value 31/12/2010**
Assets							
Cash and cash equivalents	LaR	**194,243**	194,243				**194,243**
Trade receivables	LaR	**380,791**	380,791				**380,791**
Long-term trade receivables from development contracts	LaR	**38,445**	38,445				**38,445**
Other financial receivables	LaR	**20,632**	20,632				**20,632**
Other non-derivative financial assets							
Available-for-Sale financial assets	AfS	**1,104**		1,104			**1,104**
Derivative financial assets							
Derivatives without a hedging relationship	FAHfT	**5,347**				5,347	**5,347**
Derivatives with a hedging relationship	n/a	**2,558**			2,558		**2,558**
Total equity and liabilities							
Trade payables	FLAC	**508,629**	508,629				**508,629**
Bonds and other securitised liabilities	FLAC	**204,014**	204,014				**212,575**
Liabilities to banks	FLAC	**142,334**	142,334				**142,444**
Liabilities on bills of exchange and other financial liabilities	FLAC	**1,125**	1,125				**1,125**
Borrower's note loans	FLAC	**291,328**	291,328				**292,113**
Other financial liabilities	FLAC	**21,817**	21,817				**21,817**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**4,306**				4,306	**4,306**
Derivatives with a hedging relationship	n/a	**15,322**			15,295	27	**15,322**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**634,111**	634,111	0	0	0	**634,111**
Available-for-Sale financial assets (AfS)	AfS	**1,104**	0	1,104	0	0	**1,104**
Financial Asstes Held for Trading (FAHfT)	FAHfT	**5,347**	0	0	0	5,347	**5,347**
Financial Liabilities Measured at Amortised Cost (FLAC)	FLAC	**1,169,247**	1,169,247	0	0	0	**1,178,703**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**4,306**	0	0	0	4,306	**4,306**

[€ '000]	Category in accordance with IAS 39	**Carrying amount 31/12/2009**	Amounts recognised in balance sheet according to IAS 39 Amortised cost	Cost	Fair Value recognised in equity	Fair Value recognised in profit or loss	**Fair Value 31/12/2009**
Assets							
Cash and cash equivalents	LaR	**141,087**	141,087				**141,087**
Trade receivables	LaR	**316,759**	**316,759**				**316,759**
Trade receivables from development contracts	LaR	**38,063**	**38,063**				**38,063**
Other financial receivables	LaR	**19,744**	19,744				**19,744**
Other non-derivative financial assets							**0**
Available-for-Sale financial assets	AfS	**7,236**		1,130	6,106		**7,236**
Derivative financial assets							**0**
Derivatives without a hedging relationship	FAHfT	**1,959**				1,959	**1,959**
Derivatives with a hedging relationship	n/a	**1,329**			1,329		**1,329**
Total equity and liabilities							
Trade payables	FLAC	**381,238**	381,238				**381,238**
Bonds and other securitised liabilities	FLAC	**203,812**	203,812				**205,575**
Liabilities to banks	FLAC	**155,878**	155,878				**156,722**
Liabilities on bills of exchange and other financial liabilities	FLAC	**606**	606				**606**
Borrower's note loans	FLAC	**276,158**	276,158				**275,896**
Other financial liabilities	FLAC	**20,925**	**20,925**				**20,925**
Derivative financial liabilities							
Derivatives without a hedging relationship	FLHfT	**462**				462	**462**
Derivatives with a hedging relationship	n/a	**16,296**			16,178	118	**16,296**
Of which aggregated by categories in accordance with IAS 39:							
Loans and Receivables (LaR)	LaR	**515,653**	515,653	0	0	0	**515,653**
Available-for-Sale financial assets (AfS)	AfS	**7,236**	0	1,130	6,106	0	**7,236**
Financial Asstes Held for Trading (FAHfT)	FAHfT	**1,959**	0	0	0	1,959	**1,959**
Financial Liabilities Measured at Amortised Cost (FLAC)	FLAC	**1,038,617**	1,038,617	0	0	0	**1,040,962**
Financial Liabilities Held for Trading (FLHfT)	FLHfT	**462**	0	0	0	462	**462**

Due to the short terms of the cash and cash equivalents, trade receivables and other current receivables, the fair values largely correspond to the carrying amounts.

The fair values of other non-current receivables maturing after more than one year correspond to the present values of payments relating to the assets, in each case taking into account the current interest parameters that reflect market and partner-related changes in terms.

Trade liabilities and other liabilities usually mature in the short term; the amounts on the balance sheet represent approximations of fair value.

The fair value of the bond corresponds to its market value.

The fair values of liabilities to banks, the borrower's note loans and the other non-current financial liabilities are determined as the present values of the payments relating to the liabilities based on the respectively applicable yield curves.

The detailed breakdown of the carrying amounts and fair values of the derivative financial instruments was as follows on the balance sheet date:

Derivative financial instruments [€ '000]	**31/12/2010 Nominal value**	**31/12/2010 Fair value**	**31/12/2009 Nominal value**	**31/12/2009 Fair value**
Assets				
Currency contracts	270,642	6,790	139,785	3,074
Forward exchange transactions				
CHF	105,905	3,727	46,672	569
GBP	22,561	437	12,736	139
MXN	26,903	1,063	17,717	934
PLN	27,049	462	28,654	301
RON	42,388	200	17,173	288
USD	25,753	588	8,505	682
Others	20,083	313	8,328	161
(thereof hedge accounting)	*112,111*	*2,558*	*44,479*	*1,329*
Commodity future transactions	6,545	395	2,588	214
Business combinations	—	720	0	0
Total equity and liabilities				
Currency contracts	172,027	5,232	112,607	923
Forward exchange transactions				
CHF	426	0	4,031	7
GBP	29,971	855	7,826	39
MXN	3,070	14	665	16
PLN	23,617	93	30,491	95
RON	7,927	11	0	0
USD	98,070	4,043	65,911	697
Others	8,946	216	3,683	69
(thereof hedge accounting)	*26,319*	*926*	*31,653*	*481*
Derivative interest rate contracts	262,029	14,396	261,492	15,815
Interest rate collars	136,000	5,477	136,000	6,687
Interest swaps	126,029	8,919	125,492	9,128
(thereof hedge accounting)	*262,029*	*14,396*	*261,492*	*15,815*
Commodity future transactions	0	0	210	20

The fair values of the foreign exchange transactions were based on current reference rates observable on the market and taking into consideration forward premiums or discounts. The fair values of the interest rate hedging instruments (interest swaps and interest collars) were based on discounted future cash flows. The applicable market interest rates and volatilities were used for the maturities of the financial instruments.

The table below contains an overview of the valuation methods used for measuring the fair value of the financial instruments concerned.

as at 31/12/2010 [€ '000]	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are not based on observable market data (step 3)	**Total**
Financial assets measured at fair value				
Derivative financial assets				
Derivatives not involving hedging	395	4,232	720	**5,347**
Derivatives involving hedging	0	2,558	0	**2,558**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives not involving hedging	0	4,306	0	**4,306**
Derivatives involving hedging	0	15,322	0	**15,322**

as at 31/12/2009 [€ '000]	Prices quoted on active markets (step 1)	Valuation methods where all principal parameters are based on observable market data (step 2)	Valuation methods where all principal parameters are not based on observable market data (step 3)	**Total**
Financial assets measured at fair value				
Primary financial assets				
Available-for-sale financial assets	6,106	0	0	**6,106**
Derivative financial assets				
Derivatives not involving hedging	214	1,745	0	**1,959**
Derivatives involving hedging	0	1,329	0	**1,329**
Financial liabilities measured at fair value				
Derivative financial liabilities				
Derivatives not involving hedging	20	442	0	**462**
Derivatives involving hedging	0	16,296	0	**16,296**

Neither in the fiscal year under report nor in the previous one was there any movement between the individual levels. A derivate requiring reporting for the first time was in the 2010 financial year recognised with a fair value of € 720 k (previous year: € 0) in fair-value hierarchy level 3. The income resulting from fair value measurement was recognised in the income statement as other operating income.
The net results of the financial instruments by measurement category were as follows:

	Net results		thereof impairment losses	
[€ '000]	**2010**	**2009**	**2010**	**2009**
Loans and receivables (LaR)	3,058	(21,324)	(3,431)	(6,614)
Available-for-sale financial assets (AfS)	(115)	(141)	0	(890)
Derivate (HfT)	4,827	3,241	0	0
Financial liabilities measured at amortised c.ost (FLAC)	(9,165)	14,161	0	0
Total	**(1,395)**	**(4,063)**	**(3,431)**	**(7,504)**

[28] Segment reporting

The Group is organised into business units by products and services for the purpose of corporate governance. The segment reporting follows the internal organisational and reporting structure of the Group. The Group has two segments subject to reporting:

Wire & Cable Solutions
The Wire & Cable Solutions Division covers development, manufacture and sale of wires, strands and tapes for cable production and electrical as well as electromechanical components, of Lyonese wares for textiles as well as cables, conductors and cable systems for the automotive and electrical appliance industries, data and communications technology, the professional multimedia segment, the healthcare sector, automation and process technology, machinery and plant engineering, major industrial plants, the solar industry, infrastructure projects as well as services in the field of irradiation crosslinking. The products meet both German and international standards as well as customer specifications. The conductive material most commonly used is copper, but the division also produces fiber optic cables based on both glass and polymer fiber.

Wiring Systems
The activity of the Wiring Systems Division is focused on the development, production and sale of complete wiring systems and ready-to-install cable harnesses for passenger cars and commercial vehicles. In addition to conventional cable harnesses, the division also manufactures pre-formed cable harnesses, plastic moulded components, electronic wiring system components as well as ready-to-connect single cables with matching connectors and fixings.

Management monitors the earnings before interest and taxes (EBIT) separately to take decisions on allocation of resources and to determine the profitability of the units. The EBIT is ascertained in line with the accounting and valuation principles of the consolidated financial statements. It also contains the earnings from measurement under the equity method of joint ventures and associates.

The ROCE (Return on Capital Employed) is a key return figure on the basis of which management monitors the profitability of the segments. It is derived from the ratio of EBIT to Capital Employed (CE), which comprises the non-interest-bearing assets less non-interest-bearing liabilities.

Intersegment sales and revenues are generally recorded at values that approximate sales to third parties. The details by segment for the 2010 and 2009 financial years are as follows:

	Wire & Cable Solutions		Wiring Systems Division		Reconciliation		LEONI Group	
[€ '000]	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Sales	1,460,547	1,008,069	1,634,457	1,224,896	(139,333)	(72,848)	2,955,671	2,160,117
./. Intersegment sales	139,074	72,592	259	256	(139,333)	(72,848)	—	—
External sales	1,321,473	935,477	1,634,198	1,224,640	—	—	940,253	2,160,117
domestic	449,278	331,710	490,975	412,109	0	0	2,015,418	743,819
abroad	872,195	603,767	1,143,223	812,531	0	0	68.2	1,416,298
abroad in %	66.0	64.5	70.0	66.3			68.2	65.6
EBIT	56,341	(34,155)	74,250	(78,456)	133	(3,708)	130,724	(116,319)
as a percentage of external sales	4.3	(3.7)	4.5	(6.4)			4.4	(5.4)
Financial result and other investment income							(41,125)	(40,990)
Income before tax							89,599	157,309
Income taxes							(22,353)	19,228
Consolidated net loss / income							67,246	(138,081)
Income/expenses from associated companies and joint ventures	404	(380)	507	(554)	0	0	911	(934)
Depreciation and amortisation	40,308	38,331	64,979	68,120	4,995	5,006	110,282	111,457
EBITDA	96,649	4,176	139,229	(10,336)	5,128	1,298	241,006	(4,862)
as a percentage of external sales	7.3	0.4	8.5	(0.8)			8.2	(0.2)
Impairment of non-current assets	4,833	8,649	0	1,461	0	0	4,833	10,110
Restructuring expenses	9,461	17,886	5,567	38,065	0	0	15,028	55,951
Total assets	917,413	756,339	969,942	919,361	130,023	79,276	2,017,378	1,754,976
Capital employed	462,990	408,327	502,820	497,293	(1,372)	4,929	964,438	910,549
ROCE	12.9 %	(7.7) %	14.8 %	(14.4) %			13.9 %	(12.0) %
Investment in property, plant and equipment as well as intangible assets	43,410	37,059	57,511	41,553	2,189	3,160	103,110	81,772
Average number of employees	7,237	7,205	44,815	39,626	161	170	52,213	47,001

Segment information by geographical regions:

	Federal Republic of Germany		France		EU excl. Germany and France		Outside EU		LEONI Group	
[€ '000]	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
External sales										
Wire & Cable Solutions	449,278	331,710	26,012	24,968	290,230	217,631	555,953	361,168	1,321,473	935,477
Wiring Systems Division	490,975	412,109	271,558	227,468	580,821	436,587	290,844	148,476	1,634,198	1,224,640
	940,253	**743,819**	**297,570**	**252,436**	**871,051**	**654,218**	**846,797**	**509,644**	**2,955,671**	**2,160,117**
Non-current assets	157,218	167,136	33,063	38,855	151,931	170,113	346,290	296,495	688,502	672,599

In the 2010 financial year there were no sales to any one customer accounting for 10 percent or more of consolidated sales. In the previous year, the two segments together generated sales to one customer amounting to € 228,804 k and therefore just over 10 percent of consolidated sales.

[29] Earnings per Share

Basic earnings per share are calculated as follows:

		2010		2009	
		Total amount	Earnings per share Group interests	Total amount	Earnings per share Group interests
		[€ '000]	[€]	[€ '000]	[€]
Numerator:	Income before taxes Attributable to equity holders of the parent	89,420	3.01	(157,376)	(5.74)
	Consolidated net loss/income Attributable to equity holders of the parent	67,080	2.26	(138,137)	(5,04)
Denominator:	Weighted average number of shares outstanding	29,700,000		27,432,734	

The number of shares outstanding on 31 December 2010, of 29,700,000 (previous year: 29,700,000), corresponds to the number of shares issued. As in the previous year, there was no dilution effect in the financial year under report.

[30] Auditor's professional fees

The following expenses were recognised in the financial year for work performed by the auditors appointed to audit the financial statements and consolidated financial statements as at 31 December 2010: € 914 k (previous year: € 901 k) for the audit, € 309 k (previous year: € 197 k) for other certification and appraisal services, € 314 (previous year: € 284 k) for tax consulting services and € 57 k (previous year: € 25 k) for other services.

[31] Personnel expenses and employees

[€ '000]	2010	2009
Wages and salaries	502,389	438,737
Social-security contributions, expenses for pensions and retirement and fringe benefits	105,298	91,925
	607,687	**530,663**

This item includes the following retirement benefit expenses:

[€ '000]	2010	2009
	10,016	6,614

Annual average number of employees:	**2010**	**2009**
Salaried staff	7,440	7,019
Wage earners	44,773	39,982
	52,213	**47,001**

The Group employed 55,156 people on the balance sheet date (previous year: 49,822), of which 51,381 worked outside Germany (previous year: 46,027).

[32] Performance-related compensation with a long-term component

The members of the Management Board receive, in addition to fixed annual compensation and a performance-related short-term and medium-term compensation component (annual and multi-year bonus), a long-term component with risk character. The short and medium-term performance-related compensation component is computed based on consolidated net income.

The long-term compensation component is computed based on the Company's economic value added (EVA) and the market performance of its share, and is shown in a bonus account. An amount is paid out annually from this bonus account up to a cap, 50 percent of which members of the Management Board must invest in LEONI shares and which must be retained for a period of 50 months. Negative business performance will reduce the bonus account (penalty rule), which can drop to nil. In the financial year, a liability for this long-term compensation component was recognised in the amount of € 1,600 k (previous year: € 0). The expense for the long-term compensation component in fiscal 2010 was € 1,600 k (previous year: € 0).

[33] Transactions with related parties

The compensation for management in key positions within the Group that is subject to mandatory disclosure under IAS 24 comprises the compensation for active members of the Management Board and the Supervisory Board.

Compensation for active Management and Supervisory Board members
Compensation of the Management Board is summarised as follows:

[€ '000]	**2010**	**2009**
Benefits due in the short term	2,644	1,941
Benefits due in the long term	282	0
Performance-related compensation with a long-term component	1,600	0
	4,526	1,941
Post-employment benefits	498	698
	5,024	**2,639**

The short-term benefits include, along with the fixed compensation, a variable component of € 702 k (previous year: € 765 k). The long-term benefits involve the medium-term compensation component, which is paid in the fourth year, while 50 percent of the amount is paid in the subsequent year as an instalment.

The expense incurred by the total receipts of the Management Board members pursuant to Article 314 Section 1(6a) of the German Commercial Code was € 4,526 k (previous year: € 1,941 k). Article 314 Section 1(6a) of the German Commercial Code provides that expenditure on pensions need not be included in the receipts of the Management Board members.

The basic principles of the compensation system and the receipts of individual Management Board members pursuant to Article 314 Section 1(6a) of the German Commercial Code are presented in the management report.

Provided that the shareholders at the Annual General Meeting adopt the dividend resolution, the total compensation in the year under report of the Supervisory Board will be € 1,315 k (previous year: € 499 k), of which the variable share of compensation is € 817 k (previous year: nil).

The receipts of the individual Supervisory Board members are presented in the management report.

Compensation for former Management Board members
The receipts in the financial year of former members of the Management Board and their surviving dependants amounted to € 251 k (previous year: € 249 k). There is provision for the pension obligations vis-à-vis former members of the Management Board and their surviving dependants in the amount of € 3,308 k.

Joint ventures and associates

The Group had business relationships with associated companies and joint ventures. Transactions with these related parties result from normal trade in goods and services and were concluded on standard market terms. The extent of these business relationships is presented in the following table.

[€ '000]

Purchases/sales from/to related parties	Fiscal year	Income from sales and services to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
Joint Ventures	2010	2,508	5,887	6,422	1,081
	2009	2,237	4,208	6,548	790
Associated companies	2010	98	0	24	0
	2009	0	0	49	0

[€ '000]

Loans to related parties	Fiscal year	Interest received	Amounts owed by related parties
Joint Ventures	2010	107	836
	2009	121	617

Other related parties

Dr Bernd Rödl has been a member of the Supervisory Board since 14 May 2009. Various entities of the Rödl & Partner company performed services for the Group. All consulting and other services sourced were invoiced on standard market terms.

One close relative of a board member is managing director or a member of the board of directors of several German and foreign LEONI Group subsidiaries and for this receives compensation on standard market terms.

The Stanz- und Biegetechnik Distel GmbH & Co. KG company based in Nuremberg qualifies as a related party because it is owned by a close relative of a board member. The Group sourced goods and services from this company on standard market terms.

The goods and services sourced from the aforementioned related parties totalled € 513 k (previous year: € 531 k). On 31 December 2010 there were liabilities to these related parties in the amount of € 142 k (previous year: € 79 k).

There were no other reportable transactions with related parties.

[34] Declaration pertaining to the German Corporate Governance Code pursuant to Article 161 of the German Public Companies Act (AktG)

In December 2010, the Management Board and the Supervisory Board issued the updated declaration of conformity pursuant to Article 161 of the German Public Companies Act and made this available to shareholders on a permanent basis by publishing it on the internet (www.leoni.com). The declaration of conformity is also included in the Corporate Governance report, which is published in the 2010 Annual Report.

[35] Events occurring after the balance sheet date

Unrest in North Africa resulted in brief production stoppages at our plants in Tunisia and Egypt at the beginning of 2011. Some employees were unable to come to work because of the uncertain situation, the curfews and the intermittent disruption of public transport services. Flexible adjustment of the shift systems to the curfews and reliable use of a Company-organised bus fleet to carry staff enabled production to be resumed after a short time with slight restrictions. Furthermore, production at our plants in Egypt had, in a preventive measure, been stepped significantly after the unrest started in Tunisia. We consequently had ample quantities of pre-produced cable harnesses and wiring systems during the disruptions. Production was back at normal level by the time these consolidated financial statements and this management report were signed, and there were no delivery problems of any note.

Nuremberg, 24 February 2011

LEONI AG
The Management Board

Dr Klaus Probst Dieter Bellé Uwe H. Lamann

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6942 Filed 09/12/12 Page 201 of 218

Scope of consolidation

Ownership		in %
I. Consolidated companies		
LEONI AG, Nuremberg, Germany		
1. Wire & Cable Solutions Division		
Federal Republic of Germany		
LEONI Kabel Holding GmbH, Nuremberg	1)	100
LEONI Kabel Verwaltungs- GmbH, Nuremberg	1)	100
BTO GmbH FiberTechnologies, Wildau (i. L.)		100
Haarländer GmbH, Roth	1)	100
KB Kabel Beteiligungs-GmbH, Nuremberg		100
LEONI Kabelsysteme GmbH, Ettlingen	1)	100
LEONI Cable Assemblies GmbH, Roth	1)	100
LEONI Draht GmbH, Nuremberg	1)	100
LEONI elocab GmbH, Georgensgmünd	1)	100
LEONI Fiber Optics GmbH, Neuhaus-Schierschnitz	1)	100
LEONI HighTemp Solutions GmbH, Radevormwald	1)	100
LEONI Kabel GmbH, Nuremberg	1)	100
LEONI Kerpen GmbH, Stolberg	1)	100
LEONI protec cable systems GmbH, Schmalkalden	1)	100
LEONI Special Cables GmbH, Friesoythe	1)	100
LEONI Studer GmbH, Riedstadt		100
LEONI Studer Hard GmbH, Bautzen		100
Other European countries		
LEONI Cable Belgium N.V., Hasselt, Belgium		100
LEONI Cable Slovakia spol. s.r.o., Stará Turá, Slovakia		100
LEONI CIA Cable Systems S.A.S., Chartres, France		100
LEONI Furas S.L., Piera, Spain		100
LEONI Kabel Polska sp. z o.o., Kobierzyce, Poland		100
LEONI Kablo ve Teknolojileri Sanayi ve Ticaret Limited Sirketi, Mudanya, Turkey		95
LEONI Slowakia spol. s.r.o., Nová Dubnica, Slovakia		100
LEONI Special Cables Iberica S.A., Barcelona, Spain		100
LEONI Schweiz AG, Däniken, Switzerland		100
LEONI Studer AG, Däniken, Switzerland		100
LEONI Studer Hard AG, Däniken, Switzerland		100
LEONI Tailor-Made Cable UK Limited, Chesterfield, Derbyshire, United Kingdom		100
LEONI Temco Ltd., Cinderford, Gloucestershire, United Kingdom		100
LKH LEONI Kábelgyár Hungaria Kft., Hatvan, Hungary		100

Ownership		in %
neumatic cz s.r.o., Turnov, Czech Republic		100
LEONI Silitherm s.r.l., Monticelli d'Ongina, Italy		100
Outside Europe		
LEONI Fiber Optics Inc., Meza, Arizona, USA (formerly: FiberTech USA, Inc., Meza, Arizona, USA)		100
LEONI (M) Sdn. Bhd., Subang Jaya, Malaysia		75
LEONI (S.E.A.) Pte. Ltd., Singapore		75
LEONI (Thailand) Co. Ltd., Bangkok, Thailand		75
LEONI Cable Maroc SARL, Casablanca, Morocco		100
LEONI Cable (Changzhou) Co. Ltd., Changzhou, China		100
LEONI Cable (Xiamen) Co. Ltd., Xiamen, China		100
LEONI Cable Inc., Rochester, Michigan, USA	2)	100
LEONI Cable S.A. de C.V., Cuauhtémoc, Chihuahua, Mexico	2)	100
LEONI Elocab Ltd., Kitchener, Ontario, Canada		100
LEONI Engineering Products & Services Inc., Lake Orion, Michigan, USA		100
LEONI Special Cables (Changzhou) Co. Ltd., Changzhou, China		100
LEONI Wire (Changzhou) Co. Ltd., Changzhou, China		100
LEONI Cable Solutions (India) Private Limited, Mumbai, India		100
LEONI Wire Inc., Chicopee, Massachusetts, USA	2)	100
LEONI Wire & Cable Solutions Japan K.K., Nagakute-cho, Japan		99
2. Wiring Systems Division		
Federal Republic of Germany		
LEONI Bordnetz-Systeme GmbH, Kitzingen	1)	100
LEONI Automotive Leads GmbH, Brake	1)	100
Other European countries		
LEONI Autokabel Polska sp. z o.o., Ostrzeszów, Poland		100
LEONI Autokabel Slowakia spol. s.r.o., Trencin, Slovakia		100
LEONI Wiring Systems Arad SRL, Arad, Romania		100
LEONI Wiring Systems France S.A.S., Montigny-le-Bretonneux, France		100
LEONI Wiring Systems Pitesti SRL, Pitesti, Romania		100
LEONI Wiring Systems Italy s.r.l., Felizzano, Italy	3)	100
LEONI Wiring Systems RO SRL, Bistrita, Romania		100
LEONI Wiring Systems Spain SL, Santa Perpetua/Barcelona, Spain		100
LEONI Wiring Systems U.K. Ltd., Newcastle-under-Lyme, Staffordshire, United Kingdom		100

Ownership	in %
LEONI Wiring Systems UA GmbH, Strij, Ukraine	100
LEONI Wiring Systems Viana Lda., Viana do Castelo, Portugal	100
Leonische Portugal Lda., Lugar de Sao Martinho, Guimaraes, Portugal	100
OOO LEONI Wiring Systems (RUS), Nabereznye Chelny, Republik Tatarstan, Russia	100
OOO LIK AVTO, Gorodets, Russia	100
LEONI Wiring Systems Southeast d.o.o., Prokuplje, Serbia	100
Outside Europe	
LEONI Automotive do Brasil Ltda., Itú, Saõ Paulo, Brazil	100
LEONI Electrical Systems (Shanghai) Co. Ltd., Shanghai, China	100
LEONI Tunisia Group Sarl, Messadine, Tunesia	100
LEONI Tunisie Sarl, Messadine-Sousse, Tunesia	100
LEONI Wiring Systems (Changchun) Co. Ltd., Changchun, China	100
LEONI Wiring Systems (East London) (Pty.) Ltd., East London, South Africa (i.L.)	100
LEONI Wiring Systems (Liuzhou) Co. Ltd., Liuzhou, China	100
LEONI Wiring Systems Aïn Sebâa SA, Aïn Sebâa, Casablanca, Morocco	100
LEONI Wiring Systems Bouskoura SA, Bouskoura, Morocco	100
LEONI Wiring Systems Bouznika SA, Bouznika, Morocco	100
LEONI Wiring Systems de Torreón S.A. de CV, Chihuahua, Mexico	100
LEONI Wiring Systems Egypt S.A.E., Nasr City, Kairo, Egypt	100
LEONI Wiring Systems Inc., Tucson, Arizona, USA	100
LEONI Wiring Systems Korea Inc., Seoul, Korea	100
LEONI Wiring Systems Mateur Nord SA, Mateur, Tunesia	100
LEONI Wiring Systems Mexicana S.A. de C.V., Hermosillo, Mexico	100
LEONI Wiring Systems Hermosillo S.A. de C.V., Hermosillo, Mexico	100
LEONI Wiring Systems (Pune) Pvt. Ltd., Pune, India	100

Ownership	in %
II. Associated companies and joint ventures	
1. Wire & Cable Solutions division	
FiberCore Machinery Jena GmbH, Jena, Germany	51
Fibertech Optica, Kitchener, Ontario, Canada	25
j-fiber GmbH, Jena, Germany	51
j-plasma GmbH, Jena, Germany	51
2. Wiring Systems Division	
Intedis GmbH & Co. KG, Würzburg, Germany	50
Intedis Verwaltungs-GmbH, Würzburg, Germany	50
Intedis Inc., Plymouth, Michigan, USA	50
LEONI Furukawa Wiring Systems SAS, Montigny-le-Bretonneux, France	50
Daekyeung T&G Co. Ltd., Busan, Korea	50
Daekyeung Electrical Systems (Jining) Co. Ltd, Jining, China	50
Weihai Daekyeung Electronic Device Assemble Co. Ltd., Weihai, China	50
Weihai DK Electronic Co. Ltd., Weihai, China	50
Penglai Daqing Wiring Systems Co. Ltd., Penglai, China	50

1) Companies that make use of the exemption under Article 264, Section 3 of the German Commercial Code.

2) These companies are legally part of the Wiring Systems Division.

3) These companies are legally part of the Wire & Cable Solutions Division.

Audit Opinion

Translation of the German audit opinion concerning the audit of the financial statements prepared in German:

We have audited the consolidated financial statements prepared by LEONI AG, Nuremberg, comprising the statement of comprehensive income, the statement of cash flows, the statement of financial position, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit. We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) as well as the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the entities to be included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Nuremberg, 24 February 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Broschulat	Zenk
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nuremberg, 24 February 2011

LEONI AG
The Management Board

Dr Klaus Probst   Dieter Bellé   Uwe H. Lamann

Additional information

Wires & strands

A stranding machine was developed exclusively for LEONI that, thanks to higher production speeds, provides a competitive edge. With 9,000 beats per minutes, it is faster than any other machine on the market for wire products – so that's a world record.

Extract from the financial statement of LEONI AG

LEONI AG Income statement

[€ '000]	01/01/ – 31/12/ under HGB	2010	2009
1.	Other operating income	61,575	69,537
2.	Personnel expenditure:		
	a) wages and salaries	16,418	12,664
	b) social security contributions and expenditure for retirement benefits and support payments	2,482	3,759
		(18,900)	(16,423)
3.	Amortisation of intangible investment assets and depreciation of property, plant and equipment	(3,164)	(3,553)
4.	Other operating expenses	(36,259)	(28,132)
5.	Income from profit transfer agreement	36,648	0
6.	Income from financial loans	26,344	43,057
7.	Other interest and similar income	6,756	7,362
8.	Expenses due to loss assumption	(18,150)	(55,028)
9.	Writedowns on investments	(308)	(257)
10.	Interest and similar expenses	(33,722)	(34,824)
11.	**Income before taxes**	20,820	(18,261)
12.	Extraordinary income	5,597	0
13.	Extraordinary expenses	(45)	0
14.	**Extraordinary profit or loss**	**5,552**	**0**
15.	Income taxes	(616)	(2,091)
16.	Other taxes	(25)	(35)
17.	**Net income / loss**	**25,731**	**(20,387)**
18.	Earnings brought forward from the previous year	0	6,476
19.	Withdrawal from reserves for own shares	0	29,056
20.	Transfer to other retained earnings	(3,000)	0
21.	**Retained income**	**22,731**	**15,145**

LEONI AG Balance sheet

[€ '000]	under HGB	2010	2009
Assets	Intangible assets	1,014	1,845
	Property, plant and equipment	4,935	5,937
	Shares in affiliated companies	238,824	238,824
	Loans to affiliated companies	436,563	459,062
	Other loans	1,265	1,405
	Investments	676,652	699,291
	Fixed assets	**682,601**	**707,073**
	Accounts receivable and other assets	425,028	357,115
	Cash and cash equivalents	150,096	84,873
	Current assets	**575,124**	**441,988**
	Deferred charges	**1,617**	**1,922**
	Total assets	**1,259,342**	**1,150,983**
Equity and liabilities	**Equity** (contingent capital € 14,850 k)	**330,533**	**304,325**
	Pension plans and similar obligations	10,832	20,965
	Tax provisions	0	865
	Other provisions and accruals	14,450	5,936
	Provisions and accruals	**25,282**	**27,766**
	Debt	**602,834**	**599,359**
	Other liabilities	**300,693**	**219,533**
	Total equity and liabilities	**1,259,342**	**1,150,983**

Allocation of profits

Retained earnings for fiscal 2010 determined under the German Commercial Code (HGB) amount to	**€ 22,731,072.67**

We propose to pay a dividend from this distributable profit of € 0.70 per share, equal to a payout of	**€ 20,790,000.00.**
The remainder of	**€ 1.941.072,67**
has to be carried forward.	

Nuremberg, 24 February 2011

LEONI AG
The Management Board

Ten-year overview

		under IFRS		
		2010	2009	2008
Sales	Group [€ '000]	**2,955,671**	2,160,117	2,911,964
	Germany [%]	**31.8**	34.4	31.4
	EU (without Germany) [%]	**39.5**	42.0	44.6
	Non EU countries [%]	**28.7**	23.6	24.0
	Wire & Cable Solutions [%]	**44.7**	43.3	48.1
	Wiring Systems [%]	**55.3**	56.7	51.9
Earnings	EBITDA [€ '000]	**241,006**	(4.862)	165,913
	EBIT [€ '000]	**130,724**	(116,319)	55,684
	EBIT margin [%]	**4.4**	(5.4)	1.9
	Income/loss before taxes (from continuing operations) [€ '000]	**89,599**	(157,309)	15,760
	Net income/loss [€ '000]	**67,246**	(138,081)	5,197
Cash flow	Depreciation and amortisation [€ '000]	**110,282**	111,457	110,229
	Cash provided by operating activities [€ '000]	**142,297**	88,783	132,726
	Cash used for capital spending activities [€ '000]	**95,512**	87,000	137,256
Balance sheet	Property, plant and equipment, intangible assets, goodwill [€ '000]	**809,617**	796,567	839,423
	Net debt [€ '000]	**444,558**	495,367	533,225
	Equity [€ '000]	**481,160**	369,126	447,688
	Equity [ratio in %]	**23.8**	21.0	24.2
Employees	Personnel expenses [% of sales]	**20.6**	24.6	20.5
	Employees [as per 31/12]	**55,156**	49,822	50,821
	employed abroad [%]	**93.2**	92.4	91.7
Share	Market capitalisation 31/12 [€ million]	**978.6**	485.6	385.8
	Consolidated net income / loss per share [€]	**2.26**	(5.04)	0.17
	Dividend per share [€]	**0.70**	0.00	0.20
	Dividend yield [%]	**2.1**	0	1.5

				under US-GAAP		
2007	2006	2005	2004	2003	2002	2001
2,366,779	2,108,244	1,547,973	1,250,193	1,079,856	1,102,741	1,096,801
38,1	41.2	45.3	42.2	46.8	48.1	52.3
34,1	32.2	32.7	32.2	29.2	22.3	21.3
27,8	26.6	22.0	25.6	24.0	29.6	26.4
58.3	54.7	43.2	45.4	48.4	46.7	48.8
41.7	45.3	56.8	54.6	51.6	53.3	51.2
210,771	193,629	159,144	107,267	101,113	121,760	99,409
138,102	130,574	102,829	56,750	49,626	71,561	47,043
5.8	6.2	6.6	4.5	4.6	6.5	4.3
116,531	116,599	88,830	41,334	36,961	58,983	32,416
86,219	79,325	56,093	27,674	22,099	47,439	18,739
72,669	64,255	56,737	58,302	51,487	50,199	52,366
190,837	136,099	111,071	83,923	35,927	73,453	106,819
401,464	181,376	81,923	89,009	83,500	73,588	104,555
537,482	489,198	396,495	361,868	336,546	330,265	336,915
473,211	236,912	167,489	160,566	271,035	212,232	199,984
525,642	481,701	427,152	364,903	225,908	235,555	216,009
32.9	35.1	40.6	41.6	31.1	33.7	30.5
19.0	18.9	21.3	23.2	24.4	23.1	23.0
36,855	35,129	32,638	29,957	21,392	18,478	17,589
89.0	89.0	88.7	89.9	86.4	84.6	83.6
997.9	917.7	799.8	495.0	323.4	202.6	163.4
2.87	2.64	1.89	1.12	1.12	2.40	0.95
0.90	0.80	0.57	0.42	0.38	0.38	0.36
2.7	2.6	2.1	2.5	2.3	3.7	4.4

Glossary

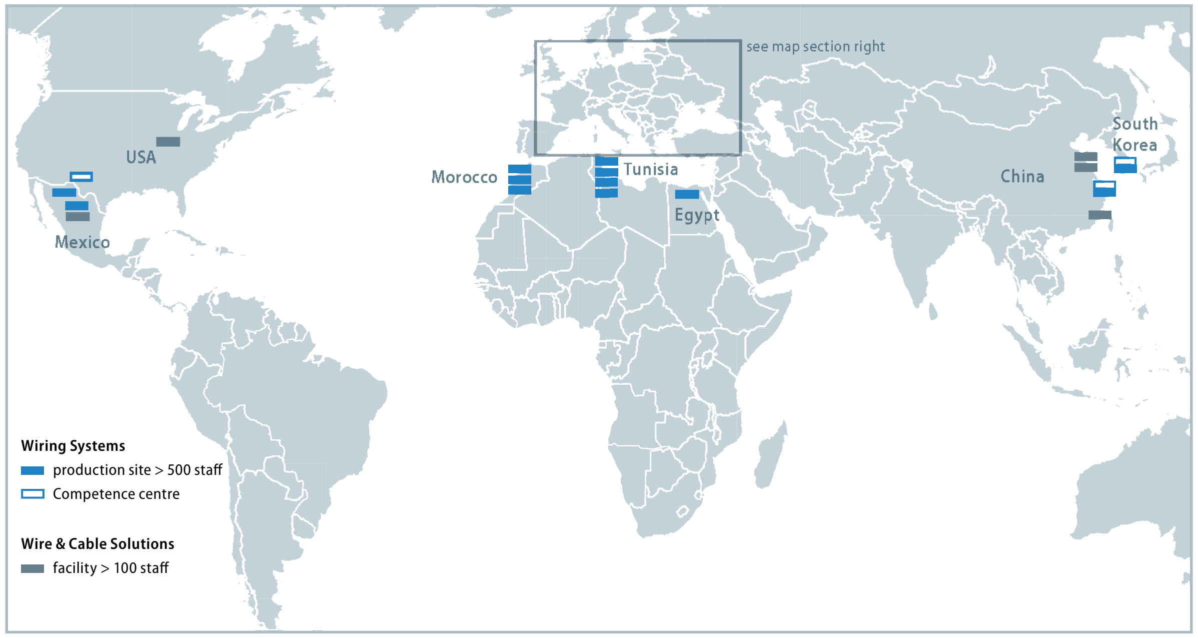
A	**Alternative drive technologies**	Power engine with hybrid, electric or fuel-cell technology
	Asset deal	Purchase of all the economic goods of a company
B	**BRIC countries**	Brazil, Russia, India, China
C	**Capital goods industry**	Branches of industry that make products to manufacture others; for example the mechanical engineering and electro-technical industries
	Carbon Disclosure Project	Global climate change reporting system
	Cash flow	Balance of cash inflow and outflow; key figure for assessing financing resources
	Compliance	Adherence to legal requirements and corporate guidelines
	Consumer electronics	Electronic equipment intended for everyday use. Consumer electronics are most often used in entertainment
	Corporate Governance	Responsible business management
	Coverage	Regular monitoring of a company by analysts
D	**D & O (Directors & Officers) insurance**	In Germany, insurance for members of management and supervisory boards
	DEL quote	Copper price quote (Deutsche Elektrolyt-Kupfer-Notierung = German electrolyte copper quote)
	Demographic change	Change in the age structure of a society
	Derivatives	Financial instruments whose price or value depends on the prices of other merchandise
E	**EBIT**	Earnings before interest and taxes
	Economic Value Added (EVA)	Increase in enterprise value taking the cost of capital into consideration
F	**Factoring**	Sale of receivables
	Fiber-to-the-home	Glass fiber wiring for private households
	Forward exchange transactions	Hedging transactions to reduce the risk of exchange-rate fluctuation
	Free cash flow	Performance of operating cash flow taking capital expenditures into consideration
G	**Gearing**	Ratio of net debt to equity
	Global trends	Future social developments
	Green Technology	Environmentally compatible and sustainable technologies for generating renewable energy as well as for reducing energy and resource consumption
H	**Hedge accounting**	Reporting of various financial instruments that are in a hedging relationship
	Hybrid cable	Cable that combines differing individual cables (e.g. power and data cables)
I	**Icefuel**	Project to develop a super-insulated multifunction cable that can carry electrical power, liquid hydrogen, and data
	Impairment of non-current assets	Write-downs such as amortisation of the goodwill of a subsidiary whose business prospects have worsened
	Impairment tests	Review of the value of asset items
	Interest rate swaps, collars	Interest rate hedging instruments
	Internal Control System (ICS)	Principles and procedures to ensure the efficiency of corporate governance, the reliability of accounting and adherence to pertinent legal requirements

J	**Just-in-sequence delivery**	Delivery in the required sequence
	Just-in-time delivery	Delivery in the required time
M	**Monte-Carlo simulation**	Simulation method based on multiple trial runs using random variables
N	**NAFTA**	North American Free Trade Agreement (Canada, Mexico, USA)
	NanoIso	Project to develop insulation materials using nanotechnology
	Net financial liabilities (Net financial debts)	Financial liabilities less cash and cash equivalents
R	**R & D**	Research & Development
	Restructuring expenses	Spending on the reorganisation or closure of a facility; especially on severance payments
	Return on Sales	Ratio of EBIT to sales
	ROCE	Return on capital employed
S	**Scope of consolidation**	Totality of the companies that belong to a group and are included in the consolidated financial statements
	Segment	Division
	Single source supply	Sourcing from a single supplier
	Solar heat	Conversion of solar power into useable thermal energy
	Strand	Combination of a number of single wires
U	**Urbanisation**	Increasing urban development
W	**Wiring System**	A vehicle's network of electrical/electronic cables including components
	Working capital	Net current assets (inventories plus trade receivables less trade liabilities)
X	**X-ray technology**	Irradiation crosslinking technology; process for refining plastic components by means of electron radiation

Case 2:12-md-02311-SFC-RSW ECF No. 400-10, PageID.6954 Filed 09/12/12 Page 213 of 218

Index of key words

Principal facilities of the LEONI Group



USA
- Chicopee

Mexico
- Hermosillo
- Durango
- Cuauhtemoc

Tunisia
- Sousse
- Boumhel
- Mateur Nord
- Mateur Sud

Morocco
- Aïn Sebâa
- Bouskoura
- Bouznika

Egypt
- Cairo

China
- Shanghai
- Changzhou
- Xiamen

South Korea
- Seoul

Germany
- Nuremberg, Holding
- Roth
- Bad Kötzting
- Weißenburg
- Georgensgmünd
- Stolberg
- Friesoythe
- Neuhaus-Schierschnitz

Switzerland
- Däniken

Czech Republic
- Turnov

Slovakia
- Trencin
- Ilava
- Stará Turá
- Nová Dubnica

Serbia
- Prokuplje

Poland
- Ostrzeszów
- Kobierzyce

Hungary
- Hatvan

Romania
- Arad
- Pitesti
- Bistrita

Russia
- Gorodets

Ukraine
- Striy

Competence centres Wiring Systems

USA
- Tucson

China
- Shanghai

South Korea
- Seoul

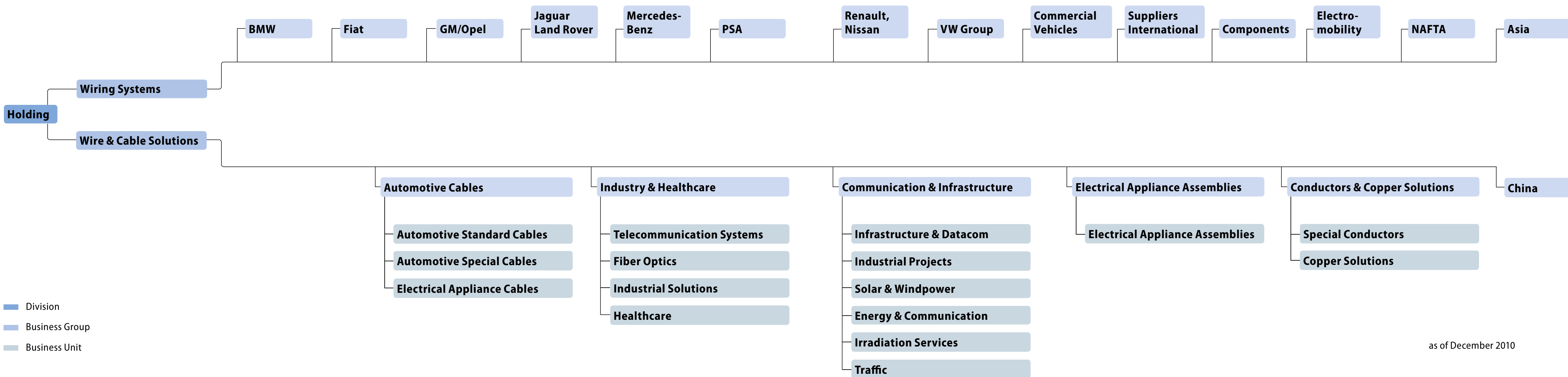
Germany
- Kitzingen

France
- Montigny

United Kingdom
- Newcastle

as of December 2010

Group structure



as of December 2010

Forward-looking statements

This report contains forward-looking statements that are based on management's current assumptions and estimates concerning future trends. Such statements are subject to risk and uncertainty that LEONI cannot control or precisely assess. Should imponderables occur or assumptions on which these statements are based prove to be incorrect, actual results could deviate considerably from those described in these statements. LEONI assumes no obligation to update forward-looking statements to adjust them to events following publication of this report.

Key dates

Press Conference on financial statements 2011
23 March 2011, 10:00 hours
Nuremberg

Analyst and Investor Meeting 2011
24 March 2011, 11:00 hours
Frankfurt

Annual General Meeting 2011
12 May 2011, 10:00 hours
Nuremberg

1st Quarter Report
10 May 2011

2nd Quarter Report
9 August 2011

3rd Quarter Report
8 November 2011

Preliminary Figures 2011
Media Release February 2012

Contact
Investor Relations

Susanne Kertz
Phone +49 (0)911-2023-274
Fax +49 (0)911-2023-209

Frank Steinhart
Phone +49 (0)911-2023-203
Fax +49 (0)911-2023-10203

E-mail invest@leoni.com

LEONI AG
Marienstrasse 7
90402 Nuremberg
Phone +49 (0)911-2023-0
Fax +49 (0)911-2023-455
E-mail info@leoni.com
www.leoni.com